NOTE

This Microfiche meets the quality requirements of the American National Standard for Microfiche of Documents (ANSI PH5.9-1975). However, because of imperfections in the document from which it was made, it contains images that are illegible or difficult to read. The source document for this microfiche is the best copy that could be obtained prior to filming.

Congressional Information Service, Inc
Washington D C

CIS

S. Hrg. 99-747

PROPOSED FISCAL YEAR 1987 BUDGET REQUEST

HEARINGS

BEFORE THE

COMMITTEE ON ENERGY AND NATURAL RESOURCES UNITED STATES SENATE

NINETY-NINTH CONGRESS

SECOND SESSION

TO REVIEW THE PRESIDENT'S PROPOSED BUDGET FOR FISCAL YEAR 1987 IN CONNECTION WITH THE PREPARATION OF THE FEBRUARY 25 REPORT TO THE SENATE BUDGET COMMITTEE

FEBRUARY 18 AND 19, 1986

Printed for the use of the
Committee on Energy and Natural Resources

U.S. GOVERNMENT PRINTING OFFICE
61-922 O WASHINGTON : 1986

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

S311-50

COMMITTEE ON ENERGY AND NATURAL RESOURCES

JAMES A. McCLURE, Idaho, *Chairman*

MARK O. HATFIELD, Oregon
LOWELL P. WEICKER, JR., Connecticut
PETE V. DOMENICI, New Mexico
MALCOLM WALLOP, Wyoming
JOHN W. WARNER, Virginia
FRANK H. MURKOWSKI, Alaska
DON NICKLES, Oklahoma
CHIC HECHT, Nevada
DANIEL J. EVANS, Washington

J. BENNETT JOHNSTON, Louisiana
DALE BUMPERS, Arkansas
WENDELL H. FORD, Kentucky
HOWARD M. METZENBAUM, Ohio
JOHN MELCHER, Montana
BILL BRADLEY, New Jersey
JEFF BINGAMAN, New Mexico
JOHN D. ROCKEFELLER IV, West Virginia

FRANK M. CUSHING, *Staff Director*
GARY G. ELLSWORTH, *Chief Counsel*
D. MICHAEL HARVEY, *Chief Counsel for the Minority*

CONTENTS

Hearings: Page

February 18, 1986 (morning session—Energy) 1

February 18, 1986 (afternoon session—Interior) 553

February 19, 1986 (morning session—FERC) 873

February 19, 1986 (afternoon session—Forest Service) 989

TUESDAY, FEBRUARY 18, 1986, MORNING SESSION

STATEMENTS

Bingaman, Hon. Jeff, a U.S. Senator from the State of New Mexico 3

Evans, Hon. Daniel J., a U.S. Senator from the State of Washington 3

Herrington, Hon. John S., Secretary of Energy 10

McClure, Hon. James A., a U.S. Senator from the State of Idaho 1

Rockefeller, Hon. John D., IV, a U.S. Senator from the State of West Virginia 8

APPENDIX I

Responses from Secretary Herrington to additional committee questions 97

TUESDAY, FEBRUARY 18, 1986, AFTERNOON SESSION

STATEMENTS

Bingaman, Hon. Jeff, a U.S. Senator from the State of New Mexico 555

Hodel, Hon. Donald Paul, Secretary, Department of the Interior 556

McClure, Hon. James A., a U.S. Senator from the State of Idaho 553

Metzenbaum, Hon. Howard M., a U.S. Senator from the State of Ohio 554

APPENDIX II

Responses from Secretary Hodel to additional committee questions 619

WEDNESDAY, FEBRUARY 19, 1986, MORNING SESSION

STATEMENTS

McClure, Hon. James A., a U.S. Senator from the State of Idaho 873

Sousa, Hon. Anthony G., Acting Chairman, Federal Energy Regulatory Commission, accompanied by William C. McDonald, Executive Director; William H. Satterfield, General Counsel; Mark Robinson, Chief, Biological Resources Branch; and Ken Williams, Director, Office of Pipeline and Producer Regulation 874

APPENDIX III

Responses from Acting Chairman Sousa to additional committee questions 923

WEDNESDAY, FEBRUARY 19, 1986, AFTERNOON SESSION

STATEMENTS

Bingaman, Hon. Jeff, a U.S. Senator from the State of New Mexico 990

Evans, Hon. Daniel J., a U.S. Senator from the State of Washington 989

Myers, Hon. Peter C., Assistant Secretary for Natural Resources and Environment, Department of Agriculture 990

Peterson, Hon. R. Max, Chief, Forest Service, Department of Agriculture 994

APPENDIX IV

Responses from Assistant Secretary Myers and Chief Peterson to additional committee questions 1061

PROPOSED FISCAL YEAR 1987 BUDGET REQUEST

(Department of Energy)

TUESDAY, FEBRUARY 18, 1986

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 9:40 a.m., in room SD-366, Dirksen Senate Office Building, Hon. James A. McClure, chairman, presiding.

Present: Senators McClure, Warner, Hecht, Evans, Johnston, Ford, Melcher, Bradley, Bingaman, and Rockefeller.

Also present: Richard D. Grundy, senior professional staff member; Jeff Arnold and Faith Haywood, professional staff members; D. Michael Harvey, chief counsel for the minority; Benjamin S. Cooper, professional staff member for the minority; and Elizabeth Moler and James T. Bruce, counsels for the minority.

OPENING STATEMENT OF HON. JAMES A. McCLURE, A U.S. SENATOR FROM THE STATE OF IDAHO

The CHAIRMAN. Good morning. Today the Committee on Energy and Natural Resources convenes hearings on the President's proposed fiscal year 1987 budget for programs within the jurisidiction of the committee. This morning the committee will receive testimony from the Secretary of Energy, John Herrington. This afternoon the committee will receive testimony from the Secretary of the Interior. Tomorrow morning we will reconvene with testimony from the Federal Energy Regulatory Commission and conclude in the afternoon with testimony from representatives of the Forest Service.

These hearings are in preparation for the committee's business meeting on Tuesday of next week to approve recommendations to the Senate Budget Committee. Under the new budget timetable in the Gramm-Rudman-Hollings Act, our report must be transmitted to the Budget Committee by Tuesday, February 25, rather than the previous deadline of March 15.

Before beginning I would like to make a couple of general observations. I fully support efforts by the Congress and the administration to bring the Federal budget under control. I was a cosponsor of the Gramm-Rudman-Hollings Act.

For the last 5 years we have been faced with difficult choices in our efforts to streamline and make the Federal Government more efficient. Since we began this process in 1981 with the fiscal year 1982 budget, funding for programs within the jurisdiction within the Energy and Natural Resources Committee have decreased from approximately $16.1 billion to $13 billion for fiscal year 1986. This is a decrease of 19 percent. However, with fiscal year 1987, the administration now proposes further extensive reductions.

The President's proposed fiscal year 1987 budget is approximately $9.8 billion for programs within the committee's jurisdiction. This is a further 25-percent decrease of $3.2 billion. In 1 year, comparable cuts are being proposed to those that took us 5 years to achieve.

As chairman of this committee and as the person who has serious doubts about the viability of the U.S. energy and natural resources future, I must express my deep concerns. At stake is not only the U.S. economic viability but the daily lives and livelihoods of current and future Americans.

Turning to the Department of Energy, there are differences of opinion on which of the programs should be emphasized, but as I said last year it is unrealistic and unrewarding for the administration to continue to resubmit to the Congress the same old worn-out proposals. For example, proposals such as sale of the naval petroleum reserve and the power marketing administrations further mortgage our country's future. These proposals have been repeatedly rejected by the Congress and I believe by the American people.

But I am even more disturbed by the apparent systematic dismantling of the programs of the Department of Energy, after the Congress rejected the idea of its abolition. Between 1982 and 1986, these programs were streamlined to place greater emphasis on long-term research and development. Funding for civilian programs including the strategic petroleum reserve, decreased from $10.3 billion down to $6.5 billion or a reduction of 37 percent. However, the President's request for fiscal year 1987 is $3.9 billion, or a further reduction of 40.5 percent. If adopted, DOE's fiscal year 1987 budget would be only 37 percent of the 1982 appropriations level.

As I stated earlier, I support fiscal restraint, but I do not believe that we must mortgage our energy and economic future, which is suggested by this budget, to achieve fiscal restraint.

Almost everywhere I look in DOE's proposed budget for fiscal year 1987, I see further decay and devastation:

Conservation, fossil energy, and solar programs have been slashed by 50 percent;

The nonmilitary portion of nuclear energy programs have been cut by 27 percent although the total program has only been cut by 12 percent;

The uranium enrichment program is cut by 32 percent, with the advanced vapor laser isotope separation process slashed by 61 percent.

And then, once again, is a proposed moratorium on construction and fill of the strategic petroleum reserve.

But, finally and equally important, the administration has proposed a further deferral of strategic petroleum reserve funds in order to effectively implement a moratorium in fiscal year 1986 before the Congress has a chance to review the proposal.

This action is being taken, despite the fact that the Congress rejected the idea of such a moratorium on construction in December, with enactment of the continuing resolution.

By comparison, the administration proposed increases in those programs with the least direct connection to energy. For example, defense programs are up 14 percent and general science and research is up 18 percent. While these programs certainly have merit, the evidence suggests that the administration does not support energy as a Federal priority.

Perhaps our understanding of the administration's energy policy will be clarified when we finally receive the long overdue national energy policy plan.

I would note that Secretary John Herrington, during his confirmation hearing, said he was not taking the position of Secretary of Energy to supervise its demolition. History may well prove otherwise.

At this time I would recognize Senator Ford for any remarks he would like to make.

Senator FORD. I thank the chairman, but I will hold any remarks for questions of the Secretary.

The CHAIRMAN. All right.

Senator Evans.

STATEMENT OF HON. DANIEL J. EVANS, A U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator EVANS. I join with the chairman in being concerned about the budget which has been presented by the administration for the coming year. I certainly share with at least as definitive a statement as the chairman, perhaps even more so, the concern over the sale of power marketing administrations and the strategic petroleum reserve.

It seems to me that that is so fundamentally flawed, that it deserves not even the resources of the Federal Government to study, and perhaps an appropriation or a proposal of that sort will be forthcoming from the Congress to settle that question once and for all.

I am also concerned about the radical reductions in the civilian side of the Department, with the corresponding increases on the defense side. I sometimes wonder whether we should not be clearer in this country and rename the Department from the Department of Energy to the Department of Materials Production for the Defense Department and, oh, by the way, Energy. It seems to me that we are getting way out of balance in terms of our energy future and I will, for one, look very carefully at the priorities set, while recognizing the need to reduce total amounts, as well as the need to reduce total amounts in other departments to fully meet our Gramm-Rudman requirements.

The CHAIRMAN. Senator Bingaman.

STATEMENT OF HON. JEFF BINGAMAN, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator BINGAMAN. Thank you, Mr. Chairman.

Mr. Chairman, I also want to indicate that I believe this proposed budget reflects the attitude of the administration which has been pursued now for at least 5 or 6 years to get the Government out of the energy business and out of energy policymaking.

I believe it is shortsighted, and I hope that we are successful in turning the policy back. The large-scale assault that this budget makes on domestic energy programs is particularly unwise, in my view, in face of the uncertainties that the energy situation presents today.

Falling oil prices can mean a greater dependency on imported crude and a certain displacement of domestic supplies. Declining refinery capacity and reduced drilling and exploration activities, as witnessed by ARCO's decision last week to slash capital spending on these activities, further increase our reliance on foreign sources.

The precarious situation in the Middle East could one day result in a disruption in supply that we are not able to respond to effectively.

Given the facts as we know them, I believe it is foolhardy for the administration to pursue policies such as selling off the naval petroleum reserve, ceasing purchases for the strategic petroleum reserve, and decimating the research and development budgets for fossil fuels and their alternatives.

I look forward to Secretary Herrington's explanation of these proposed actions. I hope the committee can take the time necessary this year to evaluate what our energy situation is and what steps we need to take to prepare to meet the demands of the future.

I do not think this budget begins to address those issues, Mr. Chairman.

Thank you.

[The prepared statement of Senator Bingaman follows:]

STATEMENT BY SENATOR JEFF BINGAMAN
DEPARTMENT OF ENERGY FY '87 BUDGET
FEBRUARY 18, 1986

The Department of Energy budget reflects the attitude of an administration that has been trying for six years to get the government out of the energy business. I have opposed this short-sighted policy in the past and will do so more vigorously now and in the future.

The large scale assault that this budget makes on domestic energy programs is particularly unwise as we face a very uncertain energy future. Falling oil prices will mean greater dependency on imported crude and the certain displacement of domestic supplies. Declining refinery capacity and reduced drilling and exploration activities, as witnessed by ARCO's decision last week to slash capital spending on these activities, further increase our reliance on foreign sources. The precarious situation in the Middle East could one day result in a disruption in supply that we are not able to respond to effectively.

Given the facts as we know them, it seems foolhardy for the Administration to pursue policies such as selling off the Naval Petroleum Reserve, ceasing all purchases for the Strategic Petroleum Reserve, and decimating the research and development budgets for fossil fuels and their alternatives.

I look forward to hearing Secretary Herrington defend these planned actions. I hope this Committee can take some time this year to evaluate what our energy situation is and what steps we need to take to be prepared to meet the demands of the future. I do not think this budget begins to address those issues.

The CHAIRMAN. Thank you.

Senator Hecht.

Senator HECHT. No statement, Mr. Chairman.

The CHAIRMAN. Senator Rockefeller.

Senator ROCKEFELLER. Mr. Chairman, I will enter a statement in the record and I will have a few comments later on.

The CHAIRMAN. Thank you.

[The prepared statement of Senator Rockefeller follows:]

STATEMENT OF SENATOR JOHN D. ROCKEFELLER IV
COMMITTEE ON ENERGY & NATURAL RESOURCES

ENERGY DEPARTMENT BUDGET HEARING
FEBRUARY 18, 1986

Mr. Chairman, I appreciate the opportunity to hear the testimony of the Secretary of Energy on the FY '87 budget request for the Department of Energy. However, I am not appreciative of the message I find contained within that budget.

Mr. Chairman, when the Senate passed the Gramm-Rudman-Hollings deficit reduction measure -- which I supported -- our belief was that it would establish a process that would cause us to face hard choices, balance the necessary cuts across the mission of government and, ultimately, balance the budget. I view the budget submitted for the Department of Energy as breaking with the spirit of Gramm-Rudman-Hollings.

The Energy Department's budget makes drastic cuts, and appears to foreclose research programs important to our long-term energy security, including fossil energy research. At the same time, this budget drastically shifts research resources to defense-related nuclear research, making it almost the exclusive function of the department. What's more, having promoted a budget with this imbalance of program priorities -- 85% for military programs versus 15% for energy research vital to our energy security and the like -- DOE fails to get to a reduced bottom line. In fact, the only way the Administration gets to the goals of Gramm-Rudman-Hollings is by an ill-timed firesale of federal government assets.

Mr. Chairman, I regard the DOE submission of a 67% cut in coal research programs and a 73% overall cut in fossil programs as misguided, and, in my view, dead on arrival. For those of us who support these programs, it is not a matter of expecting no cuts; indeed, given the need for drastic budget restraint, a cut of 15%, 25%, even 30% might have been viewed favorably. But the level of sacrifice embodied in this budget together with the FY '86 budget deferrals goes much too far and shows little shared sacrifice.

I am sure that the Administration will defend all its cuts in coal research, saying that the clean coal program will serve as the replacement. There is no question that clean coal is important and is responsive to the national and international effort to burn coal more cleanly. But there is also little question that clean coal work does not go far enough to establish the groundwork for many new applications of coal in our domestic energy mix.

Mr. Chairman, I am hopeful that this committee will reject the research spending priorities as found in this budget, restore some balance to the DOE mission and meet the need to find budget savings. We must all recognize the need to take significant cuts in our favorite programs, but not cuts that evade common sense, throw years of research effort to the winds and ignore the need to develop a sound research base in areas, such as coal, that provide an essential ingredient in our future energy security.

The CHAIRMAN. Thank you.

Mr. Secretary, with that as preamble, we are eager to hear from you. But before hearing from you, let me thank you and sincerely thank you. As we try to meet the deadline, you have been most accommodating in providing information to us for the record that will help us in our budget submission.

I would particularly note that we submitted a somewhat lengthy list of questions to you and we have responses to those questions. The questions and responses will be made a part of the record.[1]

With that, Mr. Secretary, welcome again before the committee.

STATEMENT OF HON. JOHN S. HERRINGTON, SECRETARY OF ENERGY

Secretary HERRINGTON. Thank you, Mr. Chairman, for the opportunity to present the Department's budget for 1987. It is an honor to be before this Committee.

As you have recognized, it has not been an easy task putting together this budget. However, I am confident that it is a sound budget within the fiscal restrictions that we are facing.

As a number of you have noted, last year we passed the historic Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Reduction Act. I heard someone say the other day it is now called Gramm-Rudman because even the Gramm-Rudman-Hollings had to take a cut.

This act mandates a series of sharply lower deficit ceilings until 1991, when hopefully the deficit is reduced to zero.

I think we all agree that this is a worthy goal, and Congress and the administration have to work together with courage and a lot of will and a lot of sacrifice. It is my feeling and the Department's feeling that our fiscal year 1987 budget keeps our end of this bargain if accepted by you. It will bring down the deficit to the 1987 target of $144 billion, perhaps the hardest first step in a long road that we all have to travel.

The Department of Energy's portion of that budget is $12.1 billion, only about 1 percent above the fiscal year 1986 levels of funding, as adjusted for the President's sequester order issued on February 1. The sequestering has been one of the most difficult things that we have had to face in the Department.

I will not argue with you. This budget is lean and it is sharply focused. But we believe it to be fair. It provides 3 percent real growth for our defense functions, something that I think was agreed to between the administration and Congress.

---

[1] See appendix I.

It provides adequate funds for all of our essential activities in general science, in our energy mission areas, making hard choices in light of these restrictions.

It is a budget that I think is fully responsive to our energy policy goals. It applies the Federal funds where they are most needed, and that is the issue of making choices that I referred to.

I think that we remove technological barriers to increased use of this Nation's energy resources. I think we have continued in this budget development of possible energy technologies of the future.

One of the most important areas I think that we are pursuing is safe disposal of nuclear waste. We are continuing our research into fundamental constituents of matter and energy and basic forces in nature.

An area that I put in the top priority of things that we are doing at the Energy Department, I think we have improved safety, security and environmental protection and cleanup of the Department's facilities by establishing the new Assistant Secretary for Environment, Safety and Health, pulling money out of each of the programs to fund that function at $46 million this year. It is a start to where we should have gone a number of years before.

There are some special initiatives in this budget which you have mentioned. Some are not new. Some are not really very surprising to you—and controversial. The budget proposes privatization of the naval petroleum reserves and defederalizaton of the Power Marketing Administrations.

Taking the naval petroleum reserves first, there is no national security reason for the Government to continue to retain the naval petroleum reserves. The strategic petroleum reserve can pump oil out 30 times faster than NPR.

Today, defense petroleum needs are met primarily from the open market. Some of the reasons for establishing the NPR in the 1910's are no longer valid. For example, a lot of the Navy runs on gas turbine engines today; there are atomic reactors in many of our ships.

In addressing the Power Marketing Administrations, it is the administration's position that the PMA's do not serve uniquely Federal purposes. It is possible that they can be run equally or more efficiently by non-Federal organizations, and, as regional entities, can be subject to regional controls.

At the same time that we will be proposing the PMA's for sale, we will also be proposing legislation to reform the Federal debt repayment practices. I made a commitment to this committee last year that we would not do administratively what we could not do through the legislative process. And to that end, we are following that commitment. We will submit legislation for this.

Personally I am aware, after the last year of meeting with constituents from this area, of the severe disruption, potential of disruption, that this could cause. I am very sensitive to it, and efforts by this administration to move in the direction of privatization will be done cautiously, slowly, and with sensitivity to the interests in that area.

This budget proposes an indefinite moratorium on further development of the Strategic Petroleum Reserve and a cessation of fill later this year, when 500 million barrels of crude will be in storage.

The SPR issue comes up this year, as well as it did last year. We have today 500 million barrels under contract. Possibly with the falling oil price and the amount of money that is allocated, we could go to 502 million barrels as we complete contracts in roughly 90 days.

I know that it is the opinion of many people that we should continue to fill to 750 million barrels. I also know that with the budget deficit we are facing, it also is equally beneficial to argue that a pause at this time, or a moratorium is legitimate, since we will have the agreed-upon number of days in reserve as we continue to fill the SPR to 500 million barrels—some 120 days of U.S. net imported oil.

Back in the seventies, when the SPR was set up, this was potentially the goal that the country wanted to reach. The question I raise now is do we, in light of the falling prices, fill more? Do we now abandon that goal of 90 to 120 days and put more oil in the ground?

Our answer is, with the budget deficit, it is a good time to put a moratorium on that. I do not think that a moratorium is irrevocable in nature, and the situation can be reviewed on an ongoing basis. Moratoriums should be reassessed as economic conditions and the world oil market conditions change.

The budget strongly supports important initiatives announced last year to improve safety, security and environmental protection and cleanup of the Department facilities. Enhanced attention to these issues is one of my highest priorities, and a management requirement for all organizational elements of the Department of Energy as it exists today.

We will try to leverage scarce Federal funds for research and development by taking minority positions with industry cooperative research and development consortiums. Cooperative research and development ventures with industry will not only increase the impact of Federal funds, but it should improve the technology transfer, an area that I think all of you will agree has been lacking in purpose.

In fiscal year 1987, our Fossil Program will undertake a cooperative research and development venture pilot program, approximately $12 million, while conservation and solar programs will investigate the possibility of similar programs with industry.

A significant feature of this budget compared to 1986 is the withdrawal of further Federal support for conservation grant programs. The States are recipients of very large sums received in restitution for oil pricing and allocation violations. These sums are available for conservation activities, and additional Federal support is unnecessary at this time in light of the deficit reduction measures that we are facing.

This budget builds on a foundation of energy stability and security which we together have tried to accomplish in the last 5 years.

I think that it moves this Nation closer to a balanced budget while allowing us to continue the essential activities in the Department of Energy, and these are laudable goals.

Thank you, Mr. Chairman, for the opportunity to speak.

The CHAIRMAN. Thank you, Mr. Secretary.

[The prepared statement of Secretary Herrington follows:]

Statement of John S. Herrington
Secretary of Energy
FY 1987 Budget Overview

Mr. Chairman and Members of the Committee, I appreciate the opportunity to present the FY 1987 budget for the Department of Energy. This budget supports the major themes of this Administration and is fully responsive to the requirements of the historic Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act. It is a lean, trim, and sharply focused budget, which provides adequate funds for essential activities in the Department's three primary mission areas of Energy, General Science, and Defense. Before discussing details of the budget itself, I would like to describe the current energy situation and the Department's policy and budget initiatives.

CURRENT ENERGY SITUATION

Energy problems are no longer a destabilizing force in the national life and economy. The attempts by the OPEC cartel to limit production and control prices have failed. Real crude oil prices are down some 40 percent since early 1981, and are projected to decline further. The Nation is using its energy supplies more efficiently than ever before. Total U.S. energy production for the past two years has been at record high levels, and net oil imports are one-third less than they were in 1980.

This greatly reduced level of imports, the excess oil production capacity worldwide, and the almost 500 million barrels of crude oil in our Strategic Petroleum Reserve, serve to reduce substantially the likelihood of a major supply disruption.

Nevertheless, despite the favorable current situation we must not become complacent. We must use this respite to plan for a strong, secure energy future in an atmosphere of calm resolve.

POLICY AND BUDGET INITIATIVES

The Administration's overall energy goal is an adequate supply of energy at a reasonable cost. We can achieve that goal through the combination of energy stability, energy security, and energy strength. Energy stability has been achieved over the past five years. Our energy security is growing stronger day by day. Our objective for the immediate future is to build this Nation's energy strength, making full use of its vast natural resources and the daring and ingenuity of its citizens. Our approach includes removing technological and institutional barriers to increased use of coal and nuclear power, opening the Outer Continental Shelf to responsible hydrocarbon production, and eliminating the remaining price controls on natural gas. At the same time, we will continue to support advances in conservation as well as possible energy sources of the future such as magnetic fusion.

Some of these initiatives require budgetary resources, but many do not. The President's decontrol of oil in January 1981, required only the stroke of a pen, yet nothing has done more to put this Nation back on the right energy track. Reforming the nuclear licensing process and permitting all gas to sell at market rates would have a negligible budgetary impact, but would have immense, long-lasting benefits. Federal funding for appropriate activities can help us to reach our energy goal, but Federal funds are in short supply.

Deficit reduction is perhaps the preeminent domestic economic imperative today, and the Department fully recognizes that fact. For this reason, we are doing all we can to concentrate increasingly scarce resources on those programs and projects that directly fulfill a responsibility of the Federal government and truly require Federal assistance. If we are to achieve our overriding goal of deficit reduction we cannot afford to continue to allocate scarce Federal resources to activities where the rationale for continued Federal involvement is weak, and where State and local organizations or private industry can and should take over responsibilities presently borne by the Federal government. Also, we cannot permit programs or projects to continue with Federal support unless they meet a high priority national need.

These policies are evident in the FY 1987 budget for the Department of Energy. Among the major initiatives are the privatization of the Federal interest in Naval Petroleum Reserves No. 1 and No. 3 and the defederalization of the Power Marketing Administrations. There is no national security reason for the government to continue to run the Naval Petroleum Reserves today, almost seventy five years after they were established. They have not been true reserves since 1976, when Congress determined that the Reserves should be produced at their maximum efficient rate and the output sold.

Similarly, the Power Marketing Administrations principally perform electric utility functions which are not fundamentally Federal in nature. We believe non-Federal entities could perform the same services with equal or greater efficiency and be subject to local and regional control, as is true for most of the electric power now sold in the Nation.

Another new initiative in the FY 1987 budget involves cooperative research and development ventures with private industry consortia. Our Fossil Energy organization will conduct a pilot program in FY 1987 and the Conservation and Solar technology areas will investigate similar venture partnerships with industry. The use of cooperative research and development ventures should serve to concentrate resources on research and development activities that more broadly support industry, promoting more effective technology transfer and providing better leveraging of scarce Federal resources.

Our rigorous attempt to limit Federal support in FY 1987 to only the highest priority projects and programs whose success will serve the national interest has implications for FY 1986 as well. This policy has resulted in our withdrawing support from a number of activities deemed to have lower priority, deferring the funds thus saved, and using them to reduce the need for new budget authority for more worthy activities in FY 1987. We have no choice under the current and necessarily strict fiscal regimen but to concentrate scarce resources where they show promise of bringing the greatest benefits.

The budget proposes an indefinite moratorium on further development of the Strategic Petroleum Reserve (SPR) and a cessation of fill later this year when 500 million barrels of crude oil will be in storage. The SPR represents a wholly adequate "insurance policy" given the current energy situation, and, in fact, achieves the level of protection envisioned by Congress when it established the program. The moratorium will be reassessed as economic conditions and the world oil market conditions change.

The Environment, Safety and Health functions have been centralized and expanded, with greatly increased funding for oversight and planning activities under the direction of the new Assistant Secretary. This underscores the Department's commitment to give high priority to public and worker health and safety in our operations. Similarly, the Department will direct increased funding to another area of priority concern, which is upgrading safeguards and security at the Department's facilities.

With this as introduction, let me turn now to the major elements of the Department's FY 1987 budget.

Budget Overview

The FY 1987 budget for the Department of Energy is $12.1 billion, which is $400 million below last year's request and about one percent above the FY 1986 funding levels as reduced by the President's Sequester Order pursuant to the deficit reduction legislation. Outlays are anticipated to be approximately $12.5 billion. Within the $12.1 billion request the Department has sought to maintain the priorities and budget strategies which have characterized the Department's budgets since the advent of this Administration. These include a concentration on longer-term research and development leading to a balanced and mixed energy resource base, and a withdrawal from continued efforts in more mature technologies, where responsibility for further development should rest with the technology's private sector sponsors.

As mentioned above, legislation is being proposed to permit the transfer of Federal control over the Naval Petroleum Reserves No. 1 and No. 3 and the Power Marketing Administrations. However, pending Congressional approval of these proposals, full funding for these organizations in FY 1987 is included in the budget. Other legislative initiatives associated with this budget would modify the Federal investment repayment practices of the Power Marketing Administrations, without changing interest rates on past investments.

The Department's budget is presented in six categories. Each category groups activities which share common characteristics. The FY 1987 budget for Research and Development is about 7 percent below the FY 1986 level when amounts of new budget authority are compared. However, the level of actual program activity is higher, as FY 1987 will benefit from large sums of unobligated budget authority carried over from FY 1986 and made available for program use. Most of these unobligated balances will result from savings due to cost reductions in the Uranium Enrichment program, primarily the termination of the Gas Centrifuge Enrichment Plant.

Comparing funding levels within the Research and Development category at the level of actual program activity, increases in high energy and nuclear physics, environmental activities, supporting research, weapons research and development, and Naval reactors more than offset reductions to fossil, conservation, solar, nuclear energy and magnetic fusion programs.

Defense Production and Support, $4.8 billion, increases by $498 million from FY 1986, due to increased requirements from the Department of Defense for weapons systems, and for special nuclear materials for use in weapon systems and by the nuclear Navy.

The budget request for Waste Activities, $1.8 billion, is 30 percent greater in FY 1987 than FY 1986, with increases in all major program elements; the Nuclear Waste Fund, Remedial Action and Waste Technology, and Defense Waste Management.

The budget request for Business Enterprises is $691 million. Funding requirements for Business Enterprises are about 20 percent lower than in FY 1986. In addition to the uranium enrichment enterprise and the Strategic Petroleum Reserve, this category includes the Naval Petroleum Reserves and the Power Marketing Administrations, which the Administration will actively seek to transfer to non-Federal control. However, the budget includes full funding for these activities through FY 1987 to assure continuity of operations.

The Grants and Other Energy Functions category has a budget request well below the FY 1986 level, due primarily to the withdrawal of direct appropriations for State energy conservation grant programs. These programs will be able to rely on large sums made available to the States in restitution for petroleum pricing and allocation violations.

Departmental Management, which includes management and support functions in Washington and the field, is almost unchanged from FY 1986.

I would now like to discuss the budgets for selected program areas.

GENERAL SCIENCE

The budget request for the General Science appropriation in FY 1987 is $773 million, an increase of almost 18 percent over last year. The General Science account includes the High Energy Physics and Nuclear Physics programs, which are a major part of the National effort to identify the basic constituents of matter and the basic forces in nature.

A major feature of the High Energy Physics program in FY 1987 will be the first research operation of two major colliding beam facilities--the Tevatron proton-antiproton facility at Fermilab and the Stanford Linear Collider, an electron-positron collider, at the Stanford Linear Accelerator Center.

The highest priority for new construction in basic nuclear research is the Continuous Electron Beam Accelerator Facility at Newport News, Virginia. Construction will be initiated in FY 1987 for this unique, world-class facility.

The FY 1987 program also provides funding for research and development on superconducting magnets and systems related to the next generation particle collider. The results of prior research and development in this area will provide the technical information for Departmental review of a Superconducting Super Collider-type facility.

ENVIRONMENT

I have continued to stress the importance of environmental concerns at the Department, and the FY 1987 budget request reflects this theme. The funds requested for environmental compliance activities throughout each of the Department's program areas as well as for the Environment, Safety and Health program area have increased this year. The Department's programs are formulated in a manner that balances research and development and production requirements with the need to protect the environment. Funding for the Environment, Safety and Health program, which increases by almost 95 percent over the FY 1986 level, will support the key elements of the Department's long-range plan which provides for a strong emphasis on environmental and safety matters at DOE facilities.

The Department is conducting a baseline survey of all facilities to identify existing areas of environmental risk. Results from the survey will be used to prioritize areas requiring corrective action. We are committed to developing standards for environmentally sound operations at all DOE facilities.

OTHER ENERGY RESEARCH

This category includes Magnetic Fusion, Biological and Environmental Research, and Basic Energy Sciences.

The Magnetic Fusion budget of $333.0 million in FY 1987 is about 9 percent below FY 1986. Our focus this year will be on the development of the toroidal magnetic confinement system. The program has been structured to maintain the highest priority tasks, improve the cost effectiveness of facility operations, and increase the use of international collaboration. We have always stressed international collaboration in fusion research, and will be emphasizing this even more in light of the agreements reached at the Geneva Summit.

We are proposing a budget of $197 million for Biological and Environmental Research in FY 1987, which is an increase of 9 percent over FY 1986. This program represents the Nation's only long-term research effort specifically focused on energy-related health and environmental issues. The FY 1987 program will continue its focus on understanding the long-term health and environmental effects of radiation and energy-related chemicals. This program also performs research on such issues as acid rain and the so-called "Greenhouse effect."

The mission of the Basic Energy Sciences (BES) program is to perform generic, long-range, energy-related research in both nuclear and non-nuclear fields. The FY 1987 budget request of $441 million is slightly above last year's effort. In conducting this program, we support energy-related research and operate research facilities in the physical and biological sciences, engineering, applied mathematics, and geosciences. In FY 1987 funds will continue the construction of the Center for Advanced Materials at the Lawrence Berkeley Laboratory, and support upgrades of the National Synchrotron Light Source at the Brookhaven National Laboratory and the Synchrotron Radiation Laboratory at the Stanford Linear Accelerator Center.

FOSSIL ENERGY

The Fossil Energy program is directed at establishing the scientific and engineering foundation to support private sector efforts to develop and deploy fossil fuel technologies. The budget request of $150 million concentrates adequate resources on high priority activities in coal, petroleum and gas technologies. Clean use of coal is the principal focus of our fossil program, and we will continue work in liquefaction, gasification, combustion systems, fuel cells, heat engines, and techniques for the direct combustion of coal in an environmentally sound manner.

The budget request is divided into three functional elements: Technology base development funds will provide direct support for basic, fundamental and crosscutting research through contracts and research grants directed principally to national laboratories, Energy Technology Centers, and universities. Applied research and development activities will be funded with industry using various contractual instruments. Finally, a cooperative research and development venture pool of $12.5 million will be established to fund applied research and development joint ventures with industry consortia. It is expected that the Department would take minority positions in these ventures, which would leverage scarce Federal resources and provide for more active technology transfer.

In addition to activities supported by the budget request, the Department will begin a 3 year Clean Coal Technology program this year, utilizing $397.6 million of previously appropriated funds. A solicitation for competitive proposals was issued on February 17, 1986. Projects will be cost-shared up to 50 percent by the Federal government, and will be selected by August 1, 1986.

RENEWABLE ENERGY

The focus of the Solar and Other Renewable Energy program in FY 1987 is on supporting research and development that will strengthen the technology base on which industry can draw in developing future new products and processes for the commercial market. The program supports activities ranging from basic research in universities and national laboratories to applied research and development and proof-of-concept projects in industrial firms.

Our budget request of $92 million continues program activities in each major solar and renewable technology area, but at levels below FY 1986. Reductions proposed in the 1987 budget will limit support to only the highest priority activities. We are also pursuing a new funding approach for applied, but precompetitive, technology development involving partnerships with industry. Cooperative research and development ventures will be investigated, and expressions of interest will be solicited from industry. We believe that the use of cooperative research and development ventures will be an effective method of leveraging limited Federal resources, and has the additional advantage of promoting more effective technology transfer to the private sector.

CONSERVATION

The Department views conservation as an energy resource and its practice has made important contributions to the Nation's improved energy posture. The emphasis of the Energy Conservation Research and Development program is to assist the private sector by conducting research targeted at expanding the technology base upon which industry can draw in developing new products and processes for the marketplace. Although the FY 1987 budget request of $71 million is substantially less than this year's level, we believe that we are directing adequate funding to the highest priority activities.

We will continue efforts in all of our current research and development areas such as buildings and community systems, industrial and transportation conservation, and advanced concepts in energy conversion and utilization. In addition, the new cooperative research and development approach will be explored and expressions of interest will be solicited from the private sector regarding their participation.

The budget request proposes no further Federal support for the Conservation Grants programs, except for a small amount in FY 1987 to fund the orderly closeout of Federal responsibilities. We believe that the States should assume responsibility for these activities. They will be able to make use of very large sums specifically designated for conservation and other energy-related activities which will be made available to them in restitution for oil pricing and allocation violations. Continued use of appropriated Federal funds for these programs is, therefore, no longer necessary.

NUCLEAR ENERGY

The emphasis of the Department's Nuclear Energy programs in FY 1987 is being shifted to ensure that nuclear energy contributes to civilian needs for a balanced and secure domestic energy base as well as emerging military needs to meet national security objectives. The budget request of $333 million, is slightly below the FY 1986 level. However, we have structured a program to coincide with the anticipated timing for commercial deployment of advanced reactors beyond the light water reactor, and which also meets increasing space and defense nuclear energy requirements. This essential program fits within the limited resources available during times of budgetary constraints.

The Light Water Reactor program will continue with emphasis on supporting a process leading to enhanced safety, rationalized licensing, and certification of advanced designs. These cost-shared activities are closely coordinated with industry and complement industry's own efforts.

The primary emphasis in advanced reactor research and development is to support national security requirements, including the Strategic Defense Initiative. We expect that benefits will accrue from this research and development that can be applied to future commercial reactor development efforts.

DEFENSE ACTIVITIES

The Department's FY 1987 budget request for Atomic Energy Defense Activities is $8.2 billion. The request meets the requirements of the Department of Defense for weapons production and deliveries. It also includes research on new and improved weapons, testing, production of special nuclear materials, and Naval reactors development.

Weapons research, development, and testing is a large portion of the defense programs budget at $2.1 billion. This includes weapons design, advanced weapon technology, support for the Strategic Defense Initiative, the testing of new weapons, and monitoring and testing of the nuclear weapons stockpile to assure continued reliability and effectiveness.

Weapons production and the production of special nuclear materials are funded at $2.5 billion and $2.0 billion, respectively. The Department's defense production activities respond to the requirements of the Defense Department and the need to modernize the Nation's defense force structure. In FY 1987 we will have eight weapons in production and pre-production efforts will be conducted on another 11 systems.

Within the Atomic Energy Defense appropriation, we also fund the Naval Reactors Development program which designs, develops, tests, and ultimately disposes of naval nuclear propulsion reactor components and cores. The FY 1987 budget is $594 million, up from $536 million in FY 1986. This increase is due primarily to increased research and development on an Advanced Fleet Reactor and for increased servicing requirements for the eight land-based prototype reactors.

WASTE ACTIVITIES

The safe management and disposal of civilian and defense nuclear waste and cleanup of contaminated facilities have long been prominent elements of the Department's nuclear and defense programs. These programs involve various types of high and low-level waste originating from civilian and defense sources. The budget request for each of these programs has increased in FY 1987.

The Nuclear Waste Fund activities are budgeted at $769 million, a significant increase over FY 1986's $499 million. These funds are directed toward disposal of spent nuclear fuel and high-level radioactive waste in mined, geologic repositories, and the study of monitored retrievable storage.

The Fund is financed by fees collected from owners and generators of spent fuel high-level waste. The increased FY 1987 request will provide for extensive site characterization, continued exploratory shaft design and construction, and intensive engineering tests and analyses required for the first repository. The program is progressing toward initial operation in 1998. The FY 1987 budget also provides support for the continuation of preliminary field investigations and design for a possible second repository. Twelve potentially acceptable second repository sites were proposed in January.

The Department also has two other program areas in which radioactive wastes are treated, stored, or prepared for ultimate disposal. The Defense Waste Management program provides for the interim storage of radioactive wastes generated throughout the DOE complex during the production of special nuclear materials used in the defense production facilities. A highlight of this program in FY 1987 is the continued construction of the Defense Waste Processing Facility at the Savannah River Plant, and the Waste Isolation Pilot Plant at Carlsbad, New Mexico. The Remedial Action program objective is to treat or stabilize radioactive waste and clean up contaminated DOE and certain non-government facilities and sites. The budget in FY 1987 is $294 million, an increase of 28 percent over FY 1986. This increase will maintain the schedule for cleaning up high priority sites throughout the country.

STRATEGIC PETROLEUM RESERVE

The Department intends to continue filling the Strategic Petroleum Reserve (SPR) in FY 1986 until the inventory reaches a level of 500 million barrels, in compliance with current law. No additional oil purchases are planned for FY 1987. Given the current world energy environment, the SPR inventory is more than adequate for use in the event of a supply disruption. In light of this decision, continued creation of storage capacity is unnecessary at this time. Therefore, we are planning to curtail certain development activities during FY 1986 to reduce near-term federal spending for facilities which are not presently required. Funding for these activities is being deferred and proposed for use in FY 1987 for standby operations and maintenance. As a result, no new appropriations are requested. This moratorium on development and suspension of fill of the SPR will be reassessed as economic and oil market conditions change.

URANIUM ENRICHMENT

The budget request for uranium enrichment is $1.3 billion, down slightly from FY 1986, and is offset by revenues of the same amount. During the last year, we have taken strong actions to revitalize this country's uranium enrichment business. We have streamlined the program, reduced costs, and reduced prices to customers, thus demonstrating our ability to compete in the world market. Through several creative marketing initiatives, the U.S. share of the free world enrichment market increased from 46 percent in 1985 to an estimated 53 percent in 1990. This will result in additional revenues of over $500 million during 1987 - 1990. We are confident that we can get our prices into the world competitive range using the existing gaseous diffusion capacity.

To ensure more efficient commercial deployment of advanced enrichment technology, the Department intends to transfer the development and ultimate deployment of the Advanced Vapor Laser Isotope Separation (AVLIS) process to the private sector.

In FY 1987, we are also proposing to begin repayment of the unrecovered Federal investment in the uranium enrichment program. The total Federal investment to be repaid is $3.5 billion. In FY 1987, $235 million in revenue collections will be returned to the Treasury.

NAVAL PETROLEUM AND OIL SHALE RESERVES

A major initiative will be undertaken to privatize the Naval Petroleum Reserves in FY 1987. Legislation authorizing the sale of the federal interest in Reserves No. 1 (Elk Hills) and No. 3 (Teapot Dome) will be submitted this fiscal year with the intent of conducting the sale as promptly as possible, probably in FY 1987. The government's role, which has changed from maintaining the Reserves for national security reasons to producing them at their maximum efficient rates and selling their output competitively, is better fulfilled by private industry. In the interim, the Department will continue to develop, operate and produce the Reserves until the sales are completed. The amount requested for FY 1987 will fund the Naval Petroleum and Oil Shale Reserves for the entire year. Once the sales take place, a rescission of any remaining budget authority will be proposed.

POWER MARKETING ADMINISTRATIONS

There are two major initiatives affecting the Power Marketing Administrations in FY 1987: defederalization and modification of repayment practices.

We will pursue defederalization through an open and competitive process. The goal will be to seek a fair return to the Federal taxpayers from the defederalization of these assets, while recognizing the benefits currently enjoyed by existing customers, and recognizing and providing appropriate protections for the personnel benefits of Federal employees. Before implementation of this proposal, the views of concerned groups and individuals, including appropriate Congressional Committees, State and local officials, current customers, the financial community, and public power and private sector energy interests will be considered.

Funds are included in the budget for operating the power marketing administrations in 1987, but we will actively seek to defederalize these utility systems. We expect that all five PMAs will be transferred from federal control by 1991. In the interim, the Department is proposing to modify the PMA capital investment repayment process legislatively to protect the interest of the taxpayers. These modifications require repayment of the unpaid balance of the original federal investment at a level not less than would be required under a fixed, straight-line amortization schedule for each power investment financed by appropriations and placed in service. The impact of this proposal is relatively modest.

Mr. Chairman, I believe that the budget I have summarized meets the Department's responsibilities in its several mission areas in a manner which recognizes today's fiscal responsibilities and tomorrow's anticipated needs.

The CHAIRMAN. Senator Hecht, do you want to ask some questions?

Senator HECHT. Thank you very much.

Before I do, Mr. Chairman, I would just publicly like to acknowledge to you the thanks of the people of Nevada for allowing me to conduct last week five hearings in the State of Nevada with your capable staff, with Tony Bevinetto. And you are very sensitive and responsive to the needs of our State and we appreciate it.

We deal with monumental problems in Washington all of the time, but when you get back home and you take away the water rights of a rancher whose ranch has been in that family for 100 years, you understand a little bit more.

So thank you publicly.

Mr. Secretary, one question to you. I have not had a chance to look over the budget, but in our State, the State of Nevada, nuclear waste issue or waste repository is a big issue.

How would your budget affect the nuclear repository, the three States that are right now being considered?

Secretary HERRINGTON. Sir, we hope to recommend to the President, as we stated, by April—and I do not think that date will slip—the conclusion of the evaluation by the National Science Foundation of the three States to the President for characterization.

Nevada, if things stay the way they are now, Nevada would be one of the sites for characterization. The Department of Energy is on track on this program and is adequately funded to meet the congressional goal of 1998 for a permanent waste repository site in this country.

I think we can meet that date, and I think there has been no serious derailment of that effort. So it would be my feeling at this time, the program is on track and is properly funded.

Senator HECHT. Thank you very much.

Thank you, Mr. Chairman.

The CHAIRMAN. Surely.

Senator Ford.

Senator FORD. Mr. Secretary, you leave so many questions for me, I do not know whether I can get through or not, but I want to associate myself with some of the remarks basically, or total remarks of the chairman.

In your strategic petroleum reserve, you mentioned that prices are so low that you might get 502 million. Isn't it typical that the Government buys high and sells low? Why don't you try buying low and selling high for a change?

Secretary HERRINGTON. I would not disagree with that, sir. I think in my short history as a taxpayer, that has been the case.

Senator FORD. It looks like your experience as a taxpayer ought to wax well for you as Secretary.

Secretary HERRINGTON. I find myself in sympathy with what you are saying. With the price low, it is a fact that in the test sale that we ran several months ago, the Government made a profit, because we sold that oil at a higher price during the test sale, than we will have to pay to replace it.

Senator FORD. Well, wasn't that by order of Congress, rather than doing it yourself? Wasn't that a congressional direction?

Secretary **Herrington**. Yes, sir; it was. It was not done, I assume, to make money; it was done to test the distribution facilities. But as a byproduct, the Government did make money on it.

Senator **Ford**. So you are saying that we ought to just quit now because we have reached the 500 millions and that was the utopia, and that is good for 120 days.

Let me ask you, when is the last time that someone in this country built a new refinery?

Secretary **Herrington**. I believe that the refinery industry in this country is not in good shape, and I don't believe that any refineries are being built. We have an overcapacity of probably 25 percent in the country today, and that fact is not lost on me.

I do not believe that 500 million barrels is a utopia. Personally, the price of oil getting in the $15, $14 range is very attractive as an investment for this country's security. But I think you have to balance that off with how much protection you are getting versus how big our deficit is.

I am fully in accord with the administration's position to have a moratorium at this time, because I think we have a sufficient insurance policy in light of the deficit.

Senator **Ford**. Well, if no new refineries and no search being carried out for new petroleum and rigs being mothballed, and crude and products increasingly coming into this country to a level of an alarming percentage of what we produce ourselves, can't you see the possibility of the spigot being turned off again and we will have even more trouble in the next few years than we had in the early seventies?

Secretary **Herrington**. I think that is a possibility, but I think we are less dependent today than we were in 1973 because of the SPR, obviously, and because of a lot of conservation and efficiency that is going on in this country.

I also think that we have discovered a lot of natural gas. I think we have moved forward with nuclear R&D. I think we have come a long way in learning how to burn coal cleanly, and that is a big plus.

Senator **Ford**. Most of the natural gas we have discovered has been in Canada.

Secretary **Herrington**. Well, I think Mobile Bay is quite a source.

Senator **Ford**. Well, most of it I said has been discovered in Canada.

You said that you want to sell the Petroleum Reserve because the Navy did not need it.

Tell me the percentage of ships that operate on petroleum and those that operate on nuclear. Can you get that for me?

Secretary **Herrington**. Yes, I could. I would be happy to submit that for the record. I would not guess at it. All the FFG's are gas turbine. All of the submarines are nuclear. I think some of the MSC ships are still bunker fuel, but I will be happy to submit the breakdown.

[The information follows:]

FUEL USED BY U.S. NAVY

The Department of Defense advises me that 71 percent of the ships in the U.S. Navy's active fleet are oil fueled. The remaining 29 percent are nuclear fueled. These are primarily submarines.

It should be noted that when the Naval Petroleum Reserves were established, the Navy vessels at that time used heavy residual oil ("black oil") for propulsion fuel. This "black Oil", also referred to as Bunker "C", and later, Navy Special Fuel Oil, was similar in characteristics to the crude oil at the Naval Petroleum Reserves. During the 1970's, the Navy's combatant ships were converted to "clean oil, i.e., Navy Distillate and Marine Diesel. Today's Navy, in which many oil-fueled combatants have gas turbine power plants, requires more refined products, unlike the oil "black oil" Navy, which could burn residual fuels similar to crude oil.

Senator **FORD**. I might suggest to you that the naval petroleum reserve was set up under Teddy Roosevelt. The last time they attempted to sell it, it didn't work out too well for fellows by the names of Fall and Sinclair. [Laughter.]

I see you work on holidays. That is pretty good; I want to compliment you on that. You submitted your request for clean coal technologies yesterday. That was on a holiday.

Secretary **HERRINGTON**. I worked yesterday, Senator.

Senator **FORD**. But were you the only one there, or did your whole Department work?

Secretary **HERRINGTON**. We were well represented.

Senator **FORD**. I just want to compliment you on being able to come to work on a holiday and to submit those applications the day before you got here.

What do you anticipate in your solicitation for clean coal technology programs this year?

Secretary **HERRINGTON**. I think we have set up a schedule, sir, that would allow us to be in negotiation with the final projects by August. I think it is a realistic schedule for submission, evaluation, and going through the necessary steps so that this program will move fast and smartly.

Senator **FORD**. Do you anticipate utilizing the approximate $400 million by August 1?

Secretary **HERRINGTON**. No. I think our schedule is to be negotiating with the finalists in August, the way we have set it up. There are a number of milestones in April and March that we are going to meet, but I think we are down to the finalist by August.

Senator **FORD**. So if you are at the finalists on August 1, when do you anticipate closing it out for the projects that you will fund?

Secretary **HERRINGTON**. I think when I say finalists, I mean we will select the final projects and enter into contract negotiations August 1. I think you would know the winners and losers by August 1—that would be our intention.

Senator **FORD**. You will be negotiating—the winners and losers will be announced or known on August 1.

Secretary **HERRINGTON**. Yes.

Senator **FORD**. Then from that time on, you would be negotiating with the winners as it relates to the contract.

Secretary **HERRINGTON**. Yes, sir.

Senator **FORD**. Thank you, Mr. Chairman.

The **CHAIRMAN**. Thank you.

Senator Evans.

Senator **EVANS**. Thank you, Mr. Chairman.

Mr. Secretary, as I mentioned in my opening remarks, it seems to me that the total budget of the Department, while down somewhat, is sharply up in defense-related activities and sharply down in virtually all other acivities.

You said that the budget was lean, trim and sharply focused. I wonder if sharply focused necessarily means well balanced. It seems to me that there is plenty to do on the civilian side of energy and energy research and development, and that that has, in effect, probably as broad national security implications as the direct spending on weapons research.

Without directly asking you for comment on that particular statement, if the defense budget, the overall defense budget is reduced by Congress from the request that the President submitted, as I suspect will be the case, would you judge that corresponding decrease in the defense-related activities of the Energy Department would be appropriate also?

Secretary **HERRINGTON**. It would depend in what areas, sir. The SDI milestones that we have to meet and the weapons production milestones drive our expenditures to a great degree. During the sequestering process in 1986, when reductions to military pay and personnel were exempted in the Defense Department, it put a disproportionate burden on the sequestering in our defense-related activities.

It is a matter of seeing what happens in the final defense budget and what obligations we have to meet under our charter to them.

Senator **EVANS**. The Department of Energy is required to submit the Fifth Annual Energy Policy Plan to Congress, but it is almost a year late in doing so.

Could you give me the reasons for delay and any ideas at this point what the mission for civilian energy research and development will be in that policy plan?

Secretary **HERRINGTON**. The policy plan is finished. There is a Cabinet meeting this afternoon at 2 o'clock. The delay is unfortunate, but there were a lot of revisions to it, a lot of discussions. It was staffed over a great many Government departments, and there were a number of items in dispute in it that we need to talk about in the administration, but I believe it is finished and it will be coming out shortly. It is ready for the printer.

Senator **EVANS**. You do not have any time frame that you could be more explicit in?

Secretary **HERRINGTON**. If we did not have to go back to the Domestic Policy Council, it probably would have been out 30 days ago. But it is finished. I would prefer not to go into it and let it out, obviously, before the President gets to see it this afternoon.

Senator **EVANS**. I understand that.

The Energy Research Advisory Board is an advisory board to the Department. I am curious as to how effectively do you utilize its recommendations and how do you view its various panels and committees? Is it just a sounding board? Is it an essential part of the decisionmaking process? What is the relationship of that Board to your Department?

Secretary **HERRINGTON**. Well, I think as most Government advisory boards are under the Federal Advisory Committee Act, they are a help in technological information input as a sounding board.

I do not think that they can substitute for management, day-to-day management of the Department.

I think ERAB is probably one of the most effective boards I have seen. It certainly has more talent on it than any board I have seen in the Government, and I have seen a number of them in the last 5 years I have been here.

I think highly of their opinion and value the reports that they put in.

Senator EVANS. If that is true, in December 1985 they submitted a report called "Guidelines for DOE Long-Term Civilian Research and Development." Its volume 5 dealt with energy demand, and basically it called for continued Federal effort, more focused in certain areas and increasing energy efficiency through R&D that the private sector is not undertaking.

In light of that report, why is there such a disproportionate cut in the conservation budget?

Secretary HERRINGTON. I think that I could generally agree with their finding if it were not for the budget deficit problem that we are facing.

I think given our choice, most people in the energy field and most people on this committee would prefer to see more funds going into certain aspects of the energy budget.

We have had to make some hard choices. The ERAB report did not fully evaluate budgetary restraints that we are under.

Senator EVANS. But when you have to make a choice, it seems to me where the harshest cuts come are in the areas you consider the lowest priority, and it would sound to me like that's the lowest priority in the Department's activities.

Secretary HERRINGTON. I do not necessarily agree with that, sir. I think in the conservation and efficiency areas, we can tell a good story. We have focused on projects that private industry is most interested in, such as the ceramic block engines. That is one area in which industry has a lot of interest.

We have continued our funding in that area. We have continued funding our solar activities and we have tried to concentrate on the areas that we think have the greatest return.

Senator EVANS. Mr. Chairman, if I can just briefly turn to a subject you would be disappointed if I didn't bring up—the power marketing administrations. And I find a new word in your testimony. It has long been suggested that we privatize these. Now you are talking about defederalizing.

Would you care to explain? Is there a difference or is it just an equivalent word?

Secretary HERRINGTON. I think it is an equivalent word. We generally use both of them together. The administration position is to take the Federal Government out of the power marketing business.

The CHAIRMAN. Would the Senator yield on that question, because it intrigued me also. I would assume that that encompasses the possibility of sale to other nonprivate groups such as consortia of public groups, such as REA's or PUD's, or a governmental body or a quasigovernmental body as distinguished from a regulated utility or truly private corporations.

Is that correct?

Secretary HERRINGTON. Yes. I do not think you would want, in entering this process, to prejudge. And privatization did sound a little bit more like private companies or a public stock offering, something like that.

The CHAIRMAN. I am not trying to put words in your mouth. There can be a distinction between the two terms; that is why I interjected a question at this point.

Senator EVANS. Are you aware of the long list of complexities attendant to any such breaking up and selling piece by piece of any one of the power marketing administrations?

Secretary HERRINGTON. I have looked at it, and I think it is probably one of the most complicated sales that will ever take place. I think it might even exceed Conrail in many aspects, and it is very complicated and very difficult. There are many sensitivities to be looked at. It is something that ought to be done very slowly and very carefully.

Senator EVANS. You used that term earlier and I would suggest that is a very good term, especially the "slowly." Very slowly.

I think you would find that Conrail would be the simplest sale ever compared to something of this nature. What is the intent of the Federal Government in terms of its management of those river systems, in terms of flood control, in terms of river coordination with Canada where there are treaties between the two? Which takes precedence when you have a separate entity seeking water for power use and the concerns over everything from navigation to recreation to flood control to irrigation that come out of those multipurpose dams?

[Pause.]

Secretary HERRINGTON. I am sorry. I did not realize that was a question.

Obviously, I could add a few more to that. That is what makes it so difficult. I would agree with that statement.

Senator EVANS. Aren't we getting to the point where the chance of success and the difficulty of study borders on the real question of whether it is even worth spending Federal money to make the study?

Secretary HERRINGTON. I would say no. It is the administration's position that we would like to take this activity out of the Federal area and put it on the local level.

Senator EVANS. I am sure of that. Are you familiar with the existing contracts that, for instance, Bonneville has with various customers, everything from power sales contracts with extraregional utilities, transmission contracts, net billing agreements, almost all of which specify that contracts cannot be modified or changed without the express consent of the other party. Many of these are long-range contracts.

Secretary HERRINGTON. Yes; I am aware of those.

Senator EVANS. Do you think that fits with the potential of breaking up the system and selling it piece by piece?

Secretary HERRINGTON. It complicates it a great deal, the same as State regulation by PUC or otherwise by regional compact would also complicate it.

Senator **Evans**. You have one other proposal in the 1987 budget to modify the PMA capital investment repayment process legislatively to protect the interests of the taxpayers.

What interests of the taxpayers are now being lost? Is there a case in any of the power marketing agencies where any of the capital has not been paid when it should be paid?

Secretary **Herrington**. I believe that the proposal statement is to have the General Treasury of the United States receive payback plus interest at the original rates. That is an important distinction over last year.

Senator **Evans**. I understand.

Secretary **Herrington**. The original rates of the payback to the Federal Treasury that has not taken place at this time.

There has been a long period where some of the payments have not reached expectations or what perhaps the rest of the taxpayers of the country should expect.

Senator **Evans**. I do not think there is any, certainly no case of that sort in the Northwest where if any delay had occurred on interest payments, that has been not only brought up to date, but interest on what was borrowed has been paid at market rates. No principal has, to my knowledge, ever failed to have been paid when it is due.

Secretary **Herrington**. Sir, we have a little different position on that. From fiscal year 1906 through 1985, the PMA's have repaid $3 billion, approximately, of a Federal investment of approximately $15.7 billion. And that is for all the PMA's across the board, not specifically Bonneville. And I think that unrepaid today, we figure about $12.7 billion.

Senator **Evans**. That is understandable. But is any of it overdue? You know, on a 30-year mortgage, at the end of the first year or two, you have repaid virtually nothing in the way of principal. I am not aware of any time when those projects come due that they have not been paid.

Secretary **Herrington**. Overdue is a legal term. There have been a number of repayment schedules that have been negotiated over the years. I would hate to say that they are overdue or delinquent. That is a negative term.

It has been hard for these power marketing agencies to meet the repayment schedules that they have attempted to enter into with the Federal Government. I think for the rest of the country and the General Treasury, that these obligations—there have been great attempts to repay them, but there still is a large outstanding balance.

Senator **Evans**. Of course there is a large outstanding balance. But I am just continuing to ask whether you are aware of any case where—all of these are repayment programs which have been approved by FERC. In any cases, have they been violated?

Secretary **Herrington**. Yes; I would say in a number of cases, they have had to be renegotiated.

Senator **Evans**. Well, you show me where they are and in what places.

Secretary **Herrington**. I would prefer to supply that for the record.

[The information follows:]

REPAYMENT SCHEDULE

Current Federal Power Marketing repayment policy requires that, unless otherwise specified by law, wholesale electric rates for the five Power Marketing Administrations [PMA's] be set to recover all costs within 50 years or useful life of each investment allocated to be repaid from power sales. The existing system, as well as the President's repayment proposal, allows for deferral of principal and interest payments in the event of adverse conditions such as low water flow and unanticipated cost increases or market changes. After review, the Federal Energy Regulatory Commission [FERC] approves or denies these proposed rates to assure they are set according to established procedures. Both methodologies are designed so that the PMA's would revise their rates. If necessary, to repay the deferral.

Over the past decade there have certainly been instances where the PMA's have not been able to meet their anticipated revenue and repayment schedules. These circumstances required the PMA's to submit revised rates for approval. I am informed that as of the end of fiscal year 1985 all of the PMA's are current in their scheduled payments.

If you wish a detailed list of the specific instances where the PMA's have requested rate adjustments during the last decade, we would be happy to develop such a list.

Senator EVANS. Mr. Chairman, I will desist now. I may have other questions in the second round.

The CHAIRMAN. Surely.

Senator Bingaman.

Senator BINGAMAN. Thank you, Mr. Chairman.

Mr. Secretary, let me just indicate in looking over your statement here, it strikes me that there is one subject you have sort of left out any major discussion of, and you have a section called "Current Energy Situation." You do not have anything about the future energy situation in the country.

That is a fairly major omission, it strikes me. You have got one sentence here that says, "Energy problems are no longer a destabilizing force in the national life and economy."

I do not know if that refers just to today. If it does, it is inaccurate, at least as far as the part of the country I live in. It certainly does not, in my view, refer to the future.

My information is that your own Department projects at least a doubling of our dependence or the amount of foreign oil that we import to this country by the year 1995. Is that accurate?

Secretary HERRINGTON. I think that there will be an increase of foreign imports, depending on use. I take it you are referring to EIA.

Senator BINGAMAN. Yes, I am.

Secretary HERRINGTON. I have not read the specific reference that you are referring to from EIA. But I think as prices fall and consumption increases, it is logical to assume there will be increased dependence on foreign oil.

Senator BINGAMAN. Do you think it would be appropriate for us to have in place policies to guard against that eventuality? Or that does not cause you any concern?

Secretary HERRINGTON. Well, I think we do. I think we have a free market policy on oil. There may be cautionary signals that we can give today about future energy. But one of the good things is that energy cost in this country is down. That means our industries are more competitive; our GNP is up; our economy is up; consumers are paying less. There are a lot of good things about lower market based energy policies.

Senator BINGAMAN. Let me ask about the shift that is evident in this budget from civilian and commercially applicable energy activities research over toward military.

My estimate here—I guess this is accurate—is that about 84 percent of the budget you are presenting here is really defense-related.

I am wondering if you could indicate the extent of that—if 84 percent of the 1987 budget for DOE is going to be defense-related, what percent of the budget in 1980, for example, of DOE was defense-related? Do you know how much of a shift we have seen in your own Department?

Secretary HERRINGTON. First, I cannot accept your figure of 84 percent defense-related. You have to make a lot of assumptions to get to that point. I think the figure is far less than 84 percent.

We generally use the figure two-thirds. I think under some assumptions, you can go as high as 68 percent. But I think two-thirds is an accurate figure. The higher estimate assumes that all of the work done in the national laboratories is defense work. That is not quite true. There is a lot of work that is not defense-related, although a lot is.

Senator BINGAMAN. Has there been a clear trend from civilian toward defense over the last 5 or 6 years that is fairly marked?

Secretary HERRINGTON. I think that with SDI, there has been more defense-related expenditure in our Department, No. 1, and I think under this budget you will see some shifts primarily in the nuclear area because of joint funding we can get from the defense budget that would allow us to have more cost-effective programs, versus trying to fund all by ourselves civilian reactors that at this point do not show promise in certain areas.

So I think our swing to defense in nuclear and joint funding is probably good. It has civilian application.

Senator BINGAMAN. You indicated in your opening statement that there is a 3 percent real growth in the defense budget reflected in this. I think the Chairman said that he read it as a 14 percent growth. Which is right?

I understand that you are using as a base what the Congress said last August they might do but did not do. Is that it?

Secretary HERRINGTON. We have 3 percent real growth. I think the OMB inflation figure is about 4.2 percent. And I think we have—if you take the squestering, we used the base of 85. Real growth is about a 4.2 percent inflation, plus your 3 percent real growth.

Senator BINGAMAN. But this is 3 percent real growth just like Secretary Weinberger's proposal is 3 percent real growth; right? I mean it is not actual growth from the 1986 budget to the 1987 budget. Instead, it is a growth from what you had thought we were going to do, to the 1987 budget.

Secretary HERRINGTON. What was agreed between the administration and Congress.

Senator BINGAMAN. What was agreed to, but was not followed through on.

Secretary HERRINGTON. That is correct.

Senator BINGAMAN. OK.

Let me ask about the alternative energy funding, research into alternative energy sources. On solar, for example, research and development, your proposal is to go from $145 million in 1986 to $72 million next year?

Secretary HERRINGTON. Yes.

Senator BINGAMAN. And in photovoltaics, it is to go from $41 to $21 million. What is your thinking on photovoltaics? I was in Japan about a year ago and met with some of the people at MITI who are pursuing their fairly aggressive research effort there on the development of photovoltaic cells, and they seemed to feel that there was great commercial potential in that and something that was important to their country.

Why is it that we, at the same time they are pursuing theirs aggressively, we think we should cut ours in half?

Secretary HERRINGTON. Well, I think a couple of things. Photovoltaics, I think the Department agrees, is one of our most promising programs. Cutting it in half forces us to focus more on the physical aspects and the materials aspects, rather than concentrating on the collection cell itself, such as ARCO is doing.

It also allows us to focus in our research on concepts that the private sector will use. I do not think that under these budget conditions, we are able to compete, such as MITI does, with full Government funding of the program. I just think we have to concentrate on certain aspects where we can be helpful to the private sector.

Senator BINGAMAN. But you do not think that the cuts of our photovoltaic research funding in half this next year will in the future put us at a significant disadvantage in the development of photovoltaic capability?

Secretary HERRINGTON. It is our feeling that that program is a balanced program and that we have adequately funded it to provide a technology base upon which the private sector can build.

Senator BINGAMAN. I gather your thought on conservation is that that is something the States can do if it needs doing?

Secretary HERRINGTON. Well, a couple of points on conservation, which I think is an area that we need to talk about.

One, the $200 million that was put up under Senator Warner's bill several years ago, less than half the States have spent that money. Whether we continue to pump money into that program when there is a question whether they can absorb it, I think is a question we have to deal with.

No. 2, the petroleum overcharge funds are going to be distributed to the States very shortly under the terms of the Warner Act and the Exxon court order for conservation purposes. And I think that is a lot of money. California, for instance, I think gets a check for almost $200 million out of $2.1 billion that is going out.

The program at HHS is continued on low income home energy assistance. That is a good program. If you take it across the board, I think we are acting responsibly in that area.

Senator BINGAMAN. Your indication was we had to cut photovoltaic research in half because of budgetary considerations. We just could not afford all that R&D. Your R&D budget overall is going up, is it not?

Secretary HERRINGTON. Yes, on basic energy research.

Senator BINGAMAN. But that involves defense-related and other things. Photovoltaic is a very low priority as compared to the other research activities that you are pursuing. Is that a fair statement?

Secretary **Herrington**. No. The growth in the basic energy research area is nondefense-related. I think it is 5 percent growth in that area of our pure science research that is nondefense.

Senator **Bingaman**. But it is fair still to say that the photovoltaic research is a low priority as compared to all these other items which you are increasing funding for.

Secretary **Herrington**. No, I would not put it as a low priority. I could not agree with that. I think the Photovoltaics Program as we have structured it, and there is no question that the program, being down in funding, is not as good as it could be. However, balanced off against the budget, I think it is a well balanced program.

Senator **Bingaman**. Let me just ask on this deferral business, I gather you have sent a whole series of deferrals to the Congress of things that we just at the end of last year indicated we wanted to go ahead and appropriate funds for, and here 6 weeks into the new year, you are proposing deferrals.

One of those is the residential solar energy project at New Mexico State University which involves $450,000, and you are proposing to shut that down here this month.

I would just be interested in knowing again, is there any kind of indication there of priorities, or is this strictly budget? I am confused as to why you would be proposing to defer things that we had appropriated funds for at the end of last year.

Secretary **Herrington**. The answer to that specific question, that specific project, is it has been the Department's position since 1984 that the primary mission of that project is completed and that everything was learned that could be learned from that. It has not been a priority project for a number of years now.

Senator **Bingaman**. My time is up. Thank you, Mr. Chairman.

The **Chairman**. Thank you.

Senator Rockefeller.

Senator **Rockefeller**. Thank you, Mr. Chairman.

Mr. Secretary, the guidelines which you have put out yesterday, as Senator Ford said, indicate that the Government intends to recover an amount up to the Government's contribution to the project, and that is referring to clean coal technology.

You say this recovery will only be required if revenues are received from the project, including subsequent commercialization.

Now, that is your interpretation, and the word is out that you will be requiring not only the 50 percent which companies or industries will be required to put up for clean coal technology, but also will have to repay the 50 percent which they get from the Government.

My first question of you would be about congressional intent. As I read congressional intent, I do not see that the Congress intended that the 50 percent made available by the Government be repaid, or at the very least I do not see that it is mandated that it be repaid.

My question to you, in that this will make a very big difference as to who applies for the project, whether or not they feel they can repay it—and I will give you one example. Weirton Steel is a fragile but extraordinarily interesting project in West Virginia, wherein the employees now own the company and they have come up with a hoped for clean coal technology experiment which will bypass the coking process, simply go from coal to steel. Interesting.

I would doubt that if they were told that they had to repay the 50 percent that they got from the Government, that they would have the immediate ability to participate in this program. Now, I do not think that the Congress intended that they had to repay it. You evidently intend that they and others do have to repay it.

Wherein do you get that authority or decision?

Secretary HERRINGTON. I would agree with you. I do not see anything in the congressional intent that mandates repayment. I have not personally read it, but I think that is correct. You have not mandated repayment in a number of our programs in the Department of Energy.

We have asked for repayment if a project is successful and if it makes a profit—payment out of profits. I do not think that is unreasonable. If the taxpayers of the country help fund these and they are successful, why shouldn't the Treasury get the money back?

Senator ROCKEFELLER. I would agree with you if you are talking about major corporations undertaking major projects with major sources of capital reserves.

But in that you have asked for an enormous decrease in fossil fuel research and coal research, an enormous decrease, it would seem to me that the other side of that would be that you would be trying to encourage those who are doing it not just to be limited to the megacorporations, but to those who might, like Weirton Steel, have extraordinary ideas but not have the ability to pay back immediately.

You say well, if they make a profit. But what if the profit is small, and what if they presume that the profit will be small because the technology is still at risk, although it would be extraordinary if they could perfect that, perhaps they decide not to undertake it at all?

Isn't that the opposite of what you are trying to accomplish if you discourage people from applying for clean coal technologies?

Secretary HERRINGTON. Well, two things. No. 1, we do not want to discourage people from applying for this. We are serious about this clean coal program. There has been a lot of discussion on it, and it is going to be carried out.

The repayment, if the profit is very small, the repayment will be very small and stretched out. The key to it will be in the administration of the program to get the best job done. We are looking for clean coal technology and we are going to do our best to make sure it happens.

I do not intend to back any efforts that are going to discourage anybody at this point.

Senator ROCKEFELLER. Understanding your statement that you intend to undermine no effort with disrespect, will there be clearer guidelines from your Department as to what you mean by stretching out payments?

If I were a small company with a good idea, and I saw that I had to repay the Government investment, which is not mandated by congressional intent, and that the Government being hungry for money, I would assume that they would want it back fairly quickly, I think I would opt not to get into the project.

Therefore, to comfort me, the small corporation, you would probably have to lay out a stretchout pattern to them which encourages them to apply, would you not? Or will you?

Secretary HERRINGTON. We would do that during negotiations of the contract.

Senator ROCKEFELLER. On a case-by-case basis?

Secretary HERRINGTON. I think so. And I think we can satisfy the people that participate in this program.

I just think that the policy of requiring payback from successful private ventures that use taxpayers' money from the General Treasury is a good policy and I think it is one that we all ought to support.

If somebody makes a lot of money by using tax money and if they are able, if it will not damage them to pay it back, they ought to pay it back.

Senator ROCKEFELLER. If somebody will make a lot of money, they ought to pay it back. I agree with you.

But why is it then that I am hearing from a number of energy technology centers around the country that they are very concerned about this; that they are not concerned about the major corporations being able to invest and to pay their money back, but they are very concerned about those relatively smaller initiators of ideas simply backing off from the process?

I am hearing that. I am not making that up.

Secretary HERRINGTON. I wish they would contact us, No. 1. And No. 2, we will work and report to this committee on how this program is being administered, and it will be done on a fair basis, and I do not see any onerous terms imposed on any small business that is going to cause them not to participate in this program.

But as an underwriting policy goal, I think it is fair for the taxpayer to get their money back and I am going to see if we can work that into the proposal. If it damages the program, then we will back off.

Senator ROCKEFELLER. But not at the cost of discouraging legitimate, albeit small, entities in trying to take adavantage of something which might help the country?

Secretary HERRINGTON. Yes.

Senator ROCKEFELLER. You will not try to discourage them?

Secretary HERRINGTON. That is right.

Senator ROCKEFELLER. You will make it easy for them?

Secretary HERRINGTON. Yes.

Senator ROCKEFELLER. All right.

The EIA, Energy Information Agency, which has some independence but which is basically under you—right?

Secretary HERRINGTON. Totally independent.

Senator ROCKEFELLER. Not at all under you?

Secretary HERRINGTON. It belongs to the Department of Energy but, like FERC, we do not attempt to influence them or have any control over them.

Senator ROCKEFELLER. All right. Let's leave that aside for the moment. They are going to evidently be publishing shortly that by

1995, the United States is going to be importing almost twice—more than twice the number of barrels of oil than we are today.

Secretary HERRINGTON. By 19 what?

Senator ROCKEFELLER. About 10 million barrels of oil, or more than what we are importing, double what we are importing today in the way of oil.

Now, that does not hint at energy independence. Why have you cut in your submitted budget coal research programs by 67 percent and fossil fuel programs by 73 percent if that has even the remotest chance of being true?

Secretary HERRINGTON. I think the coal programs have several aspects. Obviously one is budgetary. Number two is to try to pick winners and losers on the programs that we think have the most promise, and then adequately funding those programs.

I do not think we can afford to fund every program that we have funded in the past. I do not know that that is possible anymore.

Finally, trying to pick the programs that have the most potential for the private sector to use as we develop them. I think this budget does that, and within the budget constraints if you take that in connection with clean coal money which is substantial and put them together, I think this country has a pretty good coal program.

Senator ROCKEFELLER. The Clean Coal Program is an excellent program, Mr. Secretary, and I am delighted that it is reflected, but it does not undergird the whole system of producing energy independence.

I hear your statement. I am trying to listen into it. I just do not understand wherein the confidence. You say 84 percent that Senator Bingaman uses for military is incorrect; it is two-thirds. I say he is wrong; I say it is 85 percent.

Regardless of that, it is a lot. What brings you the confidence to make such kinds of reductions that you can honestly say to us that this is a budget which works toward energy independence with those enormous cuts in fossil fuel research?

Now, you have talked about the quality of programs. I do not quite understand what you are saying.

Secretary HERRINGTON. I think there is a good program in fossil fuels going forward today. I would be happy to submit details. I think my statement has some of it in, going to which particular programs we think have the most promise.

If you take that research and development program, couple it with clean coal money, I think we have a pretty good coal program.

As far as cuts, they are driven by the budget. As far as the defense participation, we have commitments under the SDI and obviously the Weapons Stockpile Memorandum. But working within those constraints, we have made some hard choices. I think we have made those choices well.

I think the coal program is as good as you can with those budget constraints.

[The information follows:]

FY 1987 FOSSIL ENERGY R&D PROGRAM

The FY 1987 budget request for Fossil Energy represents the proper balance between maintaining a strong technology base R&D program and recognizing the serious national budget deficit. The FY 1987 budget request of $150.1 million represents a decrease of $192.9 million when compared to the FY 1986 adjusted appropriation of $343.0 million. However, it is important to note that these reductions are partially offset by the increase in the Clean Coal Technology Program of $49.7 million going from $99.4 million in FY 1986 to $149.1 million in FY 1987.

In FY 1987, many quality programs are continuing to provide a strong technology base R&D program. The following chart lists the major Fossil Energy R&D activities funded in FY 1986 that are continuing into FY 1987.

Major Activities Continuing Into FY 1987
($ in thousands)

	Adjusted[1/] FY 1986	FY 1987
Control Tech. and Coal Prep.		
o Joint DOE/EPRI adv. coal cleaning development and test program.	$ 538	$1,000
o Investigation of advanced concepts for chemically modified coals.	2,286	1,300
o POC test and evaluation for acid rain precursor control technology process candidates.	1,797	3,390
o Research on advanced NO_x/SO_2 chemistry and advanced concept development.	4,456	2,341
AR&TD		
o Research on coal combustion science.	5,131	4,643
Coal Liquefaction		
o Research on advanced process concepts.	6,667	2,996
Combustion Systems		
o Follow-on research at Grimethorpe.	1,441	1,500
o Multi-phase program for a high efficiency PFB system.	1,695	1,000
o Light industrial, commercial, and residential combustor concepts.	1,655	1,400
o R&D for CLM/micro-coal fuels in residential boiler/furnace systems.	2,572	1,780
Fuel Cells		
o Development of external and/or internal molten carbonate stacks.	7,831	2,600
o Solid oxide fuel cell concept.	3,251	1,600
Heat Engines		
o Coal-fired gas turbine integrated systems test validation program.	8,432	5,994
o Coal-fired diesel engine integrated systems test validation program.	2,585	1,548

	Adjusted[1/] FY 1986	FY 1987
Surface Coal Gasification		
o Theoretical studies on coal gasifiers and gasification systems.	445	703
o Joint DOE/GRI engineering analyses program.	0	600
Adv. Process Technology		
o Fundamental petroleum research at NIPER.	1,927	1,500
o Arctic/offshore oil and gas research data base.	839	235
Enhanced Oil Recovery		
o Post-field test analyses of EOR trials and studies of geologic heterogeneities.	1,537	1,100
Oil Shale		
o Eastern oil shale research.	1,922	1,450
o Reference shales characterization and experiments.	2,192	1,201
Unconventional Gas Recovery		
o Fracture stimulation research and production testing at multi-well facility.	4,216	3,200
o Geochemical and geophysical diagnostic tests for gas hydrates on the North Slope of Alaska.	586	650

1/ Adjusted by .06% general reduction and approximately 3.9% for Gramm-Rudman.

Senator **Rockefeller**. Mr. Chairman, I just have two more questions if I might.

The **Chairman**. Go ahead.

Senator **Rockefeller**. If you had not put in the power marketing agency sale and the Strategic Petroleum Reserve—well, that is the Navy Petroleum Reserve—would this budget not have increased? If you had not decided to sell those, would this budget not have increased?

In other words, are you not meeting Gramm-Rudman only by putting in the petroleum reserve and the PMA's?

Secretary **Herrington**. I do not think that is a good interpretation of it. My understanding is that the PMA's and the NPR sales have been figured as cash revenue to the Treasury, about 3.6 billion to the NPR and about $8.5 in the PMA's, but they are only plug numbers.

I do not think they have done Government-wide net Gramm-Rudman, but I do not think it has specifically come out of the energy budget.

Senator **Rockefeller**. OK. Final question.

Your budget shows that the staffing levels for fossil energy R&D functions, that is partly headquarters staff, it is also partially energy technology centers. Your budget says that you intend to reduce personnel by 23 percent down to 539 employees.

Now, Public Law 97-257 mandates 754 employees. My question of you is, Would you supply, to at least this Senator, how you intend to make those reductions, how they will affect each of the energy technology centers, and why the cuts are made in spite of the public law mandate?

Secretary **Herrington**. Yes, sir.

[The information follows:]

QUESTIONS FROM SENATOR JOHN D. ROCKEFELLER IV

FY 1987 FOSSIL ENERGY R&D STAFFING

Question 155: You indicated in your testimony that you would supply for the record some information regarding fossil energy staffing. For your benefit, I would repeat my question for the hearing record, as follows:

Your budget shows staffing for the fossil energy R&D function. That is made up of headquarters staff, the energy technology centers and some miscellaneous personnel. According to your budget and staffing figures, you intend to reduce personnel by 23%, down to 539 employees in 1987. How do you intend to make that reduction since you are still bound by the provisions of Public Law 97-257 which mandates 754 employees in fossil energy, and specific numbers in each of the energy technology centers?

Answer: The floors were originally established by P.L. 97-257 mandating 754 employees. This legislation was subsequently amended by P.L. 98-369, effective August 22, 1984, which established a Fossil Energy floor of 700 of which not less than 135 are assigned to Headquarters, 280 to PETC, 270 to METC, and 35 unspecified.

The staffing levels proposed in the FY 1987 budget request assume repeal of the floor. Fossil Energy will, however, comply with the employment floors as established in P.L. 98-369 until such time as Congress repeals them.

Listed below is a summary of FTE's by organization under a Congressional floor versus the FY 1987 budget request.

Organization	Congressional Floor	FY87 Budget Request	Delta
FE Research & Development			
Headquarters	135	109	- 26
Morgantown ETC	270	210	- 60
Pittsburgh ETC	280	220	- 60
Bartlesville PO	15	0	- 15
Totals	700	539	-161

The FY 1987 requested FTE budget levels reflect the minimum number of personnel needed to effectively manage and provide oversight of the proposed balanced Fossil Energy R&D program. The current legislative restrictions on employment reduce management flexibility to adjust and reassign staffing to achieve maximum effectiveness.

DOE does have the flexibility within the FTE's proposed in the FY 1987 budget. We will attempt to effect these reductions in staff through attrition. We will conscientiously attempt to minimize any adverse effects on employees who would be affected.

Senator ROCKEFELLER. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you.

Senator Johnston.

Senator JOHNSTON. Thank you, Mr. Chairman.

Mr. Herrington, welcome to the committee. Big Hill has been scheduled for termination; indeed, the Strategic Petroleum Reserve Program has been scheduled for termination. Was this an OMB initiative, I assume?

Secretary HERRINGTON. Well, I do not want to deny responsibility and place it on OMB. This is a Department of Energy budget and we are willing to stand by it.

Senator JOHNSTON. I understand that. But I mean you are part and parcel, then, of the plan with respect to Big Hill and the strategic petroleum reserve?

Secretary HERRINGTON. Yes, sir.

Senator JOHNSTON. Of course, you understand they have a team down there together at Big Hill that is ready to go on the contract and in fact I think some contracts have already been let. You understand that that team is being disassembled and it would be very costly, if not impossible, to reassemble the team? You understand that.

Secretary HERRINGTON. We attempted to finish the contracts that we had executed and I think that we did that well. We did pull some RFP's back off the street that we had out under the deferrals.

I am aware that that causes a lot of turmoil and morale problems in that type of an operation.

Senator JOHNSTON. It is not morale problems. I mean these people are being terminated and the program is being terminated, is it not?

Secretary HERRINGTON. Getting them back together is difficult.

Senator JOHNSTON. Right. I mean the point is, the plan is termination; it is not delay.

Secretary HERRINGTON. Yes. Moratorium they call it.

Senator JOHNSTON. Excuse me?

Secretary HERRINGTON. Moratorium is the word the administration has used.

Senator JOHNSTON. Well, it is your budget now. You just took credit for it.

Secretary HERRINGTON. Yes.

Senator JOHNSTON. It is termination, isn't it?

Secretary HERRINGTON. We are deferring Big Hill is our proposal.

Senator JOHNSTON. Is it termination or is it delay?

Secretary HERRINGTON. I think it is delay; I would have to say delay.

Senator JOHNSTON. Now, Mr. Herrington, you know it is not delay. You cannot take a team that is assembled at great cost and terminate it and let them go, and sit there and tell me that is delay. You do not intend to do that next year, do you?

Secretary HERRINGTON. No.

Senator JOHNSTON. It is termination.

Secretary HERRINGTON. I think certain aspects of it are.

Senator JOHNSTON. What is delayed, and what do you intend to do next year?

Secretary HERRINGTON. Well, I am not trying to talk around the point. What I am trying to say is, the moratorium is not an ending of the project, and if you continue to review the situation and you find that you need it again, you obviously have to come back and start it up again.

Senator JOHNSTON. You mean it would be possible, if the Congress so sought, to pass a new law and then you would consider whether or not you would defer again? In that sense it is not final; it is only final in the sense that you are firing everybody; you have no further plans. As far as you are concerned, as far as OMB is concerned, it is terminal.

Secretary HERRINGTON. I cannot agree with that, because I do not think there is any intent—the new procurements are terminated in relation to the deferral, but I think if you say are we terminating the SPR Big Hill site and terminating our desire to fill that, I cannot agree with that. I think it is a situation that can be started up again in 5 or 6 months.

Senator JOHNSTON. Mr. Herrington, I am sorry; I have great respect and affection for you, but really, everybody, every single one of us up here knows this program is being terminated. All the people out there know it is being terminated. You know that the GAO is going to make a determination on this. By saying it is not terminated, you are simply trying to bolster a case which is devoid of any logic, and I must say—well, I am not going to use those strong words, because I like you too much for that.

But I would suggest, in the interest of honesty, that you say what you said at first: This program is being terminated. Isn't it?

Secretary HERRINGTON. I do not think the administration has stated that we are terminating it. The words we have used——

Senator JOHNSTON. Oh, I know the administration has not said it. That is why I tried to establish at first whether it is OMB or whether it is you. You said it is your budget.

Secretary HERRINGTON. I am a member of this administration. I have worked for this President for 16 years. And when the administration says there is a moratorium on this, there is a moratorium on it as far as I am thinking. That is the position I have, sir.

We have never agreed to terminate this program. We have taken certain actions that may point to a derailing of it or a termination of it, but there is no intention of terminating it.

Senator JOHNSTON. There was not any intention to terminate last year when you had a deferral either, was there?

Secretary HERRINGTON. No, there was not.

Senator JOHNSTON. We just defer it year to year to year to year, and then maybe something will happen out there in the future.

Well, let me tell you another project that is not under aegis but affects that which is under your aegis, and that is a project very dear to my heart, the Red River project that comes under the energy and water budget. That is not being terminated either; you simply do not have any money for lock and dam No. 3 in that budget.

If this administration thinks for a minute you are going to start up new, expensive projects like the continuous beam accelerator and stop the Red River project and stop the strategic petroleum reserve and give us a pittance of what we are entitled to on 8(g), it is going to happen over my dead body.

I may not have a long-life expectancy, but I can tell you, from the standpoint of my State, this is an anti-Louisiana budget and an outrage, an absolute outrage. By the way, what does that continuous beam accelerator cost?

Secretary HERRINGTON. $236 million.

Senator JOHNSTON. And annual operating cost?

Secretary HERRINGTON. I would like to submit that for the record. I really do not know.

[The information follows:]

CONTINUOUS ELECTRON BEAM ACCELERATOR FACILITY

The projected annual operating costs for the Continuous Electron Beam Accelerator Facility, including in-house research, are estimated to be $27 million (FY 1986 dollars). This represents a savings of $3 million from earlier estimates. This has been achieved by the adoption of improved technology, yielding savings in electrical power requirements.

Senator JOHNSTON. In the neighborhood of about $40 million?

Secretary HERRINGTON. I think it is in that area.

Senator JOHNSTON. I think it is. Well, let me tell you, if we do not have money, if we take high national priorities like the strategic petroleum reserve and put a moratorium on it, then we cannot afford to be starting new projects of dubious validity.

I can maybe argue the other side of that. If you want to hear the side of dubious validity of a project, you talk about the continuous beam accelerator proposal. It is not the end-all and the be-all of determining the unified force field or establishing the "big bang" theory or filling in all the gaps in the theory of quarks and leptons.

It just does a little bit, goes along and keeps the program going. Believe me, we do not have money to be doing that if we cannot continue projects we started with.

Now, I notice in your statement that you say that we are going to have a study of monitored retrievable storage. Did you mean to say that?

Secretary HERRINGTON. Well, our resolve to go forward with MRS is absolute.

Senator JOHNSTON. I had understood it was to be in the budget.

Secretary HERRINGTON. We continue to study it all the time we are going through with it, but it is in the budget.

Senator JOHNSTON. I thought that construction was going to be in the budget.

Secretary HERRINGTON. Yes; the MRS study was supposed to be submitted to the Hill last week, but we could not because of the court case that came up. But the construction money should be in there.

Senator JOHNSTON. Construction money should be in the budget?

Secretary HERRINGTON. Yes.

Senator JOHNSTON. So in that respect, to just say study of Monitored Retrievable Storage would be an understatement?

Secretary HERRINGTON. I think it was a mandated study that needed to be given to the Hill last week. I could be confused.

Senator JOHNSTON. Well, I asked the question in the context of the Governor of Tennessee having stated that at least tentatively, if not definitively, that he does not want the MRS in his State. I mean the question is, How should he interpret this? And I think the answer is, and I believe you have just given it, that you intend to go full speed ahead on MRS?

Secretary HERRINGTON. Yes, that is correct. The fiscal year 1987 budget will have money in it.

Senator JOHNSTON. Just one final question.

The CHAIRMAN. Would you yield on that? It is my understanding it is conceptual design and engineering. Is that correct? Not actual construction money.

Secretary HERRINGTON. There are also startup activities, I believe.

The CHAIRMAN. Startup in the sense of the engineering and the design, rather than actual construction or ground breaking.

Secretary HERRINGTON. It is the startup construction money. It is leading to construction.

The CHAIRMAN. It is leading to construction, but I do not believe there is any actual construction. I would be pleased if indeed there is.

Secretary HERRINGTON. OK. I may be in error on that.

Senator FORD. Mr. Chairman, have you appealed the injunction?

Secretary HERRINGTON. Yes.

Senator FORD. You have appealed the injunction?

Secretary HERRINGTON. Yes, we have.

Senator FORD. Thank you.

Senator JOHNSTON. One final question, Mr. Herrington. On the sale of the power marketing agencies, I understand that they would be sold, if they were sold, and I suspect there will be a couple of dead bodies from Washington if they were sold——

Senator EVANS. There is going to be a lot of brutality around here.

Senator JOHNSTON. But I understand if they were sold, you would intend to sell them at the discounted value of their remaining repayment obligations, which would be only a fraction of their actual market value. I think the Heritage Foundation said their actual market value is about $60 billion. Your proposal would be only $12 billion or something that you would sell them for.

Secretary HERRINGTON. I think there is a plug number in the budget at this time. I would not say what they would be sold for. I do not think we know.

Senator JOHNSTON. But it would by public bid on market value or some fire sale amount?

Secretary HERRINGTON. I do not think the intent is to do a market value sale on this. It is to get back the money that the Federal Treasury is owed. I do not think that everyone is out to make a big profit.

Senator JOHNSTON. So in effect, this would be in part sale and in part donation to whoever acquires this——

The CHAIRMAN. Now, don't get too mean about that. I am going to get Grand Coulee myself.

Secretary HERRINGTON. The word "donation" troubles me. I do not think it is a donation.

Senator JOHNSTON. Well, let's put it this way. You get something that is worth $60 billion for what—$12 billion or something? What is the difference between that $12 and $60 billion?

Secretary HERRINGTON. It depends who the buyer is.

Senator JOHNSTON. How would you call it? Moratorium on payment? [Laughter.]

Secretary HERRINGTON. It depends who the buyer is. If people who are in the area are going to buy the asset, then they maybe have a vested interest in it as it is. So maybe that is not worth $60 billion, or maybe you could figure it on some other accounting way. But I do not see this going to a public sale. I do not want to prejudge the thing, but I do not see that.

Senator JOHNSTON. Well, then tell me what this difference between value and sale price is if it is not a donation. Is that what you call privatizing or privateering? [Laughter.]

Secretary HERRINGTON. Defederalizing. I liked that word better when we got into it. But I have no idea what they are worth, and I have no feeling for it. I simply do not know.

If you said they are worth $60 billion——

Senator JOHNSTON. We call that a brother-in-law deal in Louisiana.

Well, I cannot imagine that this thing would be done. I know Senator Evans and Senator Gorton are not friendly toward the idea. Senator Hatfield is not in love with the idea either.

Senator EVANS. I do not think Senator McClure loves it all that well.

Senator JOHNSTON. But if we are going to do this thing, then let's really go private. I mean let's let the invisible hand determine the price and get the best deal, because with the difference between $60 and $12 billion, that is $48 billion to apply to this deficit if that in fact is the difference.

We would not have to be cutting these other things. We could be building continuous beam accelerators and other things.

Senator EVANS. I would suggest to the Senator from Louisiana, you have used a considerable dose of salts in terms of the budgetary figures of the Department of Energy. I would suggest the same thing for the Heritage Foundation.

Senator JOHNSTON. Well, I believe everything I read. [Laughter.]

Thank you, Mr. Chairman.

The CHAIRMAN. Certainly.

Senator Melcher.

Senator MELCHER. Thank you, Mr. Chairman.

Mr. Secretary, I want to dwell a little bit on Elk Hills. We passed the bill in 1975, perhaps it was in 1974, and opened up Elk Hills. There is not much in Teapot Dome, so I opened up Teapot Dome but there was not much production to be gained there.

Is that legislation which not only initiated that—I do not remember any administration ever being in favor of much of anything I was trying to do, and I do not think the tail end of the Ford or the tail end of the Nixon administration was in favor of opening up Elk Hills, but nevertheless we did because it was the practical thing to do.

And now this proposition to sell it at auction intrigues me.

Now, the idea is that privatization, that private enterprise will do it better and more efficiently than what Government can do. But this question of producing oil in Elk Hills is pretty open-ended. Under your direction, it is lease or contract or any other means of producing it, and I assume that most of it is contract.

But there were problems in Elk Hills existing at the time we wanted it opened up and passed the legislation. And those problems were somewhat resolved by the legislation. For instance, a common pool of oil that was within and without the same pool. We solved that.

The maximum efficient rate of production, that is an engineering determination that seemed to solve that. And then there was the problem of production from different zones, and I believe we solved that.

So those technical things, those production things, were I think solved with the legislation. But there were two points—no, three—that were taken care of in the legislation that was not to be in the public interest, and that is the pipelines in and around Elk Hills could be operated as common carriers so everyone had a shot in the transportation.

Then there was the small refinery set-aside, and that is up to 25 percent, as you well know, which guaranteed to those small refineries in California that they would have a crack at the oil that was produced there.

Along this same line, one of the requirements in the legislation and existing law is that allocation of oil in extreme emergencies, all of the allocation or all of the oil from Elk Hills could be allocated as was seen fit in the public interest in case of these extreme emergencies.

And last, the existing law requires, or prohibits, that oil produced in Elk Hills cannot be sold abroad.

Now, all of those things were thought to be in the public interest and I think they are still in the public interest and I think they ought to remain. But yet in the sale at an auction of Elk Hills, none of these would remain.

Your legislation that you have not produced yet, but when it catches up here, it will bear my statement out because it would be hard, difficult, to maintain these provisions in the law if it is going to be sold at public auction.

But then we get down to the point of who buys, and I suspect when your legislation gets here, you are going to do the minimum on that; you are going to require the legislation that it cannot be sold to some foreign interest. Is that correct?

Secretary **HERRINGTON**. I cannot prejudge that, but it certainly is something that is going to have to be discussed.

Senator **MELCHER**. Well, you are not going to draft the legislation then, are you?

Secretary **HERRINGTON**. Yes, we are. But we have not done it yet.

Senator **MELCHER**. Well, you do not know whether you want to sell it to foreign interests or not.

Secretary **HERRINGTON**. I can give you my personal opinion, but I cannot speak administrationwide. It has not been staffed through State Department, and other Government agencies, and I would rather not put my personal opinion on the record on that.

Senator **Melcher**. You can give me your personal opinion on a rather salient point at one moment in time, but now you do not want to.

Secretary **Herrington**. I mean I would not see this country selling it to the Soviet Union, obviously, and I think you can go from there. That is the extreme case.

Senator **Melcher**. Well, we draw the line somewhere, thank goodness.

Secretary **Herrington**. It is unlikely. I think you make a very good point.

Senator **Melcher**. Well, there is something else that is unlikely, and that is this final and because of this final point, oil is at its lowest point in the last 6 years, maybe even longer.

So to propose that we sell something at auction which may have—I guess you could even put a minimum bid of $3.6 billion, something that produces $600 million in oil every year, to somehow say well, we would be better off to have the $3.6 billion.

So what I would say, Mr. Secretary, it is unlikely you are going to sell. Of all times to want to sell, this seems to be at least the worst time in the past 6 or 7 years. Now, granted that you would like to see the deficit reduced, as I would; but whether to trade off $600 million in income that comes in every year for $3.6 billion for the lifetime of that field seems to me to be a rather shortsighted proposition.

Given the fact that who can buy for $3.6 billion, would seem to lead—at least the conclusion that I would draw is that it tends to further monopolize the oil industry and something that would be difficult for the small refiners, and therefore for the consumer to justify its being good public policy.

Thank you, Mr. Chairman.

Senator **Evans** [presiding]. Senator Ford.

Senator **Ford**. Mr. Secretary, on the top of page 10, which is the final page of your statement today, and it is headed "Uranium Enrichment," you say in that paragraph:

> To ensure more efficient commercial deployment of advanced enrichment technology, the Department intends to transfer the development and ultimate deployment of the advanced vapor laser isotope separation process to the private sector.

Who has been siding up to you and saying you do not need to do any more of this; that we have got it all under control?

Secretary **Herrington**. I am sorry; I missed the question.

Secretary **Ford**. I say, who has been siding up to you and saying the Government does not need to be in this anymore; we do not need to do any more research and development; we have got it all under control?

Secretary **Herrington**. I do not think that is our position.

Senator **Ford**. What is your position? Is this privatizing again or defederalizing?

Secretary **Herrington**. Well, I think defederalizing of the enrichment enterprise is probably a good idea in the long run. This is not something that is going to happen immediately, because actually the AVLIS technology was being researched in the private sector, in New Jersey, before the Livermore Lab began its research program.

But we have always discussed, I think between this committee and the Department, the potential of privatization of the enrichment industry. I think Exxon was involved in it and spent $75-some odd million at one point.

It is not a foreign idea.

Senator FORD. Are they still interested in taking this tremendous expense in doing it?

Secretary HERRINGTON. Well, I think it is something we ought to look at. I am not saying yes, no, we ought to do it; but it offers some possibilities.

Senator FORD. You say your intent is to transfer.

Secretary HERRINGTON. Yes, if all things are right.

Senator FORD. How are you going to transfer it? What is all things being right?

Secretary HERRINGTON. Well, price, market. Market is the main thing because there has to be a demand for this type of activity. It is tremendously expensive. It is almost a $2 billion project.

How would you fund it? Where would it be done? What is going to be our sale market worldwide? I think those are questions we ought to look at it.

We certainly do not need to go on a crash program at this point in our market. We are doing pretty well past the year 2000, based on all projections.

Senator FORD. Well, are you going to continue to do some work on it while your intent is being carried out?

Secretary HERRINGTON. I would not like to close the door on it. I would like to look at it; yes.

Senator FORD. You use some terms that bother me: "I don't want to close the door; that is my intent." And I do not know, it is awfully hard, and I think you are doing a pretty good job of stonewalling on some things, and I compliment you on that.

But let's just go on to another one, then. In your budget you are showing that there be $235 million from revenue collected for the Uranium Enrichment Program to be returned to the Treasury.

Why such a high figure of $235 million?

Secretary HERRINGTON. I think that is our payback agreement with OMB on what we owe the Treasury on our activities.

Senator FORD. Well, how much will that increase the cost of a SWU?

Secretary HERRINGTON. We have set the price of SWU for this year at $119, so it will not increase the price of a SWU. We can do that within our activities.

Senator FORD. Within the $118?

Secretary HERRINGTON. Yes. It is $119.

Senator FORD. You can do that within $119.

Secretary HERRINGTON. Yes.

Senator FORD. Are you saying then for the record, that you will not increase the price?

Secretary HERRINGTON. We not only will not increase it; we are going to go for another lowering of the price next year in 1988. We are committed to keeping our world share of this market and pricing ourselves competitively and we are going to continue to work in that direction.

Senator **Ford**. So you are saying that you not only intend to keep it at $119 this year; you intend to lower it even further next year and to keep increasing your ability to repay?

Secretary **Herrington**. Yes, sir. We hope to reach the $60 area per SWU.

Senator **Ford**. Sixty dollars a SWU?

Secretary **Herrington**. That is our target area that we are heading for.

Senator **Ford**. What is your intended date of target?

Secretary **Herrington**. I do not have the schedule, but it is when we made the decision on AVLIS, when we phased in the AVLIS technology and when we got away from the centrifuge technology.

That was our intent to get in the $60 range.

Senator **Ford**. Yes, but you are going to privatize AVLIS, or whatever it is.

Secretary **Herrington**. Yes, AVLIS.

Senator **Ford**. In West Kentucky we would probably call it anything; nobody would understand it anyhow. But are you going to privatize that and still get your SWU's down to $60?

Secretary **Herrington**. I think AVLIS is the key to getting the cost of SWU's down. I think that technology, from the experts that have reviewed it, offers us the best chance to be competitive worldwide.

Senator **Ford**. If you are defederalizing, does this mean we are going to get no new federalism programs from the administration?

Secretary **Herrington**. I cannot answer that.

Senator **Ford**. How close is the budget that you claim is yours to the one that you originally submitted to OMB?

Secretary **Herrington**. Close.

Senator **Ford**. How close? Did you get 75 percent of what you asked for, 80 percent of what you asked for?

Secretary **Herrington**. $2 billion less than we submitted.

Senator **Ford**. $2 billion less than you asked for?

Secretary **Herrington**. Yes.

Senator **Ford**. Were the Holifield tables in before you submitted the budget? Were they in the questions?

Secretary **Herrington**. I think they came after.

Senator **Ford**. Came after?

Secretary **Herrington**. Yes.

Senator **Ford**. Would you submit that then to the committee?

Secretary **Herrington**. Yes, I would be happy to.

[The information follows:]

PALBAT
15:34 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE ....#	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
999100	SUMMARY BY APPROPRIATION:				
999115	ENERGY SUPPLY R&D	1,696,270	2,462,293	2,280,811	1,256,162
999125	URANIUM ENRICHMENT	190,512	—	—	—
999110	GENERAL SCIENCE	675,920	849,470	786,200	773,400
999105	ATOMIC ENERGY	7,231,444	9,197,280	8,397,600	8,230,000
999215	DEPARTMENTAL ADMINISTRATION	150,319	244,537	180,382	151,482
999164	POWER MARKETING ADMINISTRATIONS:				
999165	ALASKA POWER ADMINISTRATION	3,245	3,618	3,200	3,081
999170	BONNEVILLE POWER ADMINISTRATION	330,000	304,900	276,100	276,100
999175	SOUTHEASTERN POWER ADM.	—	22,066	15,736	19,647
999180	SOUTHEASTERN CONT. FUND	—	—	—	—
999185	SOUTHWESTERN POWER ADM.	29,191	49,336	38,500	25,307
999190	SOUTHWESTERN POWER CONT. FUND	—	—	—	—
999195	WESTERN AREA POWER ADM.	195,910	295,500	283,775	240,309
999200	WAPA EMERGENCY FUND	—	—	—	—
999205	COLORADO RIVER BASIN	—	—	—	—
999206	TOTAL, POWER MARKETING ADMINISTRATIONS	558,346	675,420	617,472	564,374
999135	FERC SALARIES AND EXPENSES	41,989	13,450	23,325	20,325
999136	NUCLEAR WASTE FUND	499,037	904,849	799,300	760,300
999160	GEOTHERMAL RESOURCES	69	1,300	72	72
999161	SPECIAL FOREIGN CURRENCY	—	—	—	—
999137	ALTERNATIVE FUELS PRODUCTION	—	—	—	—
989162	CLEAN COAL TECHNOLOGY	—	—	—	—
999120	FOSSIL ENERGY	311,954	335,797	276,100	82,767
999130	NAVAL PETROLEUM AND OIL SHALE RESERVES	13,002	165,069	187,100	127,100
999155	ENERGY CONSERVATION	427,512	213,312	177,138	39,433
999150	ENERGY REGULATION	23,423	23,314	23,764	21,890
999149	EMERGENCY PREPAREDNESS	5,730	6,459	6,459	6,044
999140	STRATEGIC PETROLEUM RESERVE	107,533	179,000	161,499	—
999145	ENERGY INFORMATION ACTIVITIES	57,724	66,962	59,651	59,651
999147	PAYMENTS TO STATES	570	570	570	570
999133	UNALLOCATED OMB TARGET	—	—	—	—
989050	SUBTOTAL, DOE	11,971,630	15,334,230	14,121,413	12,100,087
989051	PROPOSED LEGISLATION - PRIVATIZATION OF NPR	—	—	—	-78,785
989052	TOTAL, DOE	11,971,630	15,334,230	14,121,413	12,021,302

BALDAT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
600000	RECEIPTS				
600010	NAVAL PETROLEUM RESERVE..............................	-831.152	-1,055.969	-1,039.800	-1,011.809
600012	POWER MARKETING ADMINISTRATION.......................	-682.227	-703.716	-689.906	-690.182
600016	WASTE DISPOSAL FUND..................................	-380.900	-457.400	-459.900	-423.000
600019	NWF - INTEREST REALIZED..............................	-118.000	-38.000	-114.800	-115.000
600025	OTHER..	-10.500	-6.600	-6.600	-6.600
600030	TOTAL RECEIPTS.......................................	-2,022.779	-2,261.685	-2,311.006	-2,246.591
600035	TOTAL BUE LESS RECEIPTS..............................	9,940.051	13,272.545	11,810.407	9,774.711
600070	ADVANCES FOR COOPERATIVE WORK				
600071	ADVANCES FOR COOPERATIVE WORK........................	125.044	73.332	86.450	86.450
600073	PROPRIETARY RECEIPTS FROM THE PUBLIC.................	-125.044	-73.332	-86.450	-86.450
600074	TOTAL, ADVANCES FOR COOPERATIVE WORK.................	----	----	----	----

RNL

ST /20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 1

	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
992	ERGY SUPPLY R&D				
7C	LAR ENERGY				
7C	SOLAR BUILDINGS ENERGY SYSTEMS				
7C	OPERATING EXPENSES......................	7,700	13,000	10,200	4,700
7C	PLANT AND CAPITAL EQUIPMENT......................	401	500	—	—
7C	TOTAL, SOLAR BUILDING ENERGY SYSTEMS......................	8,101	13,500	10,200	4,700
7C	PHOTOVOLTAIC ENERGY SYSTEMS				
7C	OPERATING EXPENSES......................	39,523	44,500	42,750	19,600
7C	PLANT AND CAPITAL EQUIPMENT......................	1,155	3,500	1,500	1,000
7C	TOTAL, PHOTOVOLTAIC ENERGY SYSTEMS......................	40,678	48,000	44,250	20,600
7	SOLAR THERMAL ENERGY SYSTEMS				
7	OPERATING EXPENSES......................	25,596	28,700	26,175	15,300
7	PLANT AND CAPITAL EQUIPMENT......................	289	300	300	—
7	TOTAL, SOLAR THERMAL ENERGY SYSTEMS......................	25,885	29,000	26,475	15,300
7	BIOFUELS ENERGY SYSTEMS				
7	OPERATING EXPENSES......................	26,749	30,400	20,200	11,600
7	PLANT AND CAPITAL EQUIPMENT......................	577	600	600	600
7	TOTAL, BIOFUELS ENERGY SYSTEMS......................	27,326	31,000	20,800	12,200
7	WIND ENERGY SYSTEMS				
7	OPERATING EXPENSES......................	24,055	20,700	14,700	8,080
7	PLANT AND CAPITAL EQUIPMENT......................	770	1,300	1,300	170
	OTAL, WIND ENERGY SYSTEMS......................	24,825	22,000	16,000	8,250
	CEAN ENERGY SYSTEMS				
	OPERATING EXPENSES......................	4,011	6,500	4,750	2,500
	PLANT AND CAPITAL EQUIPMENT......................	—	—	—	—
	OTAL, OCEAN ENERGY SYSTEMS......................	4,011	6,500	4,750	2,500
	NTERNATIONAL SOLAR ENERGY PROGRAM				
	OPERATING EXPENSES......................	962	700	500	500
	PLANT AND CAPITAL EQUIPMENT......................	—	—	—	—
	OTAL, INTERNATIONAL SOLAR ENERGY PROGRAM...........	962	700	500	500

RNLBNT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 2

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
70269	SOLAR TECHNOLOGY TRANSFER				
70270	OPERATING EXPENSES..............................	2,983	4,950	3,950	1,950
70271	PLANT AND CAPITAL EQUIPMENT.....................	-----	50	50	50
70272	TOTAL, SOLAR TECHNOLOGY TRANSFER.................	2,983	5,000	4,000	2,000
70279	SOLAR ENERGY RESEARCH INSTITUTE				
70280	OPERATING EXPENSES..............................	-----	450	-----	-----
70281	PLANT AND CAPITAL EQUIPMENT.....................	2,244	10,550	1,500	545
70282	TOTAL, SOLAR ENERGY RESEARCH INSTITUTE.............	2,244	11,000	1,500	545
70283	PROGRAM SUPPORT..................................	1,251	1,500	1,300	897
70285	RESOURCE ASSESSMENT................................				
70286	OPERATING EXPENSES..............................	914	1,500	1,000	700
70287	PLANT AND CAPITAL EQUIPMENT.....................	48	-----	-----	-----
70288	TOTAL, RESOURCE ASSESSMENT.........................	962	1,500	1,000	700
70290	PROGRAM DIRECTION - OTHER SOLAR ENERGY..............	4,516	5,300	5,000	4,100
70300	SUBTOTAL, SOLAR ENERGY.............................	144,624	175,000	143,775	72,292
70313	GEOTHERMAL				
70314	OPERATING EXPENSES..............................	26,200	29,600	26,475	17,930
70315	PLANT AND CAPITAL EQUIPMENT.....................	481	500	500	-----
70316	TOTAL, GEOTHERMAL..................................	26,681	30,100	26,975	17,930
70317	HYDROPOWER				
70318	OPERATING EXPENSES..............................	481	560	510	-----
70319	PLANT AND CAPITAL EQUIPMENT.....................	-----	-----	-----	-----
70320	TOTAL, HYDROPOWER..................................	481	560	510	-----
70321	ELECTRIC ENERGY SYSTEMS				
70322	OPERATING EXPENSES..............................	11,540	18,725	10,209	7,619
70323	PLANT AND CAPITAL EQUIPMENT.....................	-----	550	200	-----
70324	TOTAL, ELECTRIC ENERGY SYSTEMS.....................	11,540	19,275	10,409	7,619
70329	ENERGY STORAGE SYSTEMS				
70330	OPERATING EXPENSES..............................	17,100	18,260	15,550	8,600
70331	PLANT AND CAPITAL EQUIPMENT.....................	192	200	200	-----
70332	TOTAL, ENERGY STORAGE SYSTEMS......................	17,292	18,460	15,750	8,600

RNLBNT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 3

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
40003	NUCLEAR ENERGY R&D				
40004	OPERATING EXPENSES..............................	337.019	307.005	436.205	307.520
40005	PLANT AND CAPITAL EQUIPMENT........................	38.665	26.900	25.100	23.380
40006	TOTAL, NUCLEAR ENERGY R&D...........................	375.684	333.905	461.305	330.900
40007	REMEDIAL ACTION AND WASTE TECHNOLOGY				
40008	OPERATING EXPENSES..............................	220.220	301.000	321.600	291.200
40009	PLANT AND CAPITAL EQUIPMENT........................	9.827	10.400	7.200	2.900
40010	TOTAL, REMEDIAL ACTION AND WASTE TECHNOLOGY..........	230.047	311.400	328.800	294.100
40014	LIGHT WATER REACTOR				
40015	OPERATING EXPENSES..............................	—	—	—	—
40016	PLANT AND CAPITAL EQUIPMENT........................	—	—	—	—
40017	TOTAL, LIGHT WATER REACTOR..........................	—	—	—	—
40020	ADVANCED CONVERTER				
40021	OPERATING EXPENSES..............................	—	—	—	—
40022	PLANT AND CAPITAL EQUIPMENT........................	—	—	—	—
40023	TOTAL, ADVANCED CONVERTER...........................	—	—	—	—
40026	ADVANCED BREEDER				
40027	OPERATING EXPENSES..............................	—	—	—	—
40028	PLANT AND CAPITAL EQUIPMENT........................	—	—	—	—
40029	TOTAL, ADVANCED BREEDER.............................	—	—	—	—
40032	WATER COOLED BREEDER				
40033	OPERATING EXPENSES..............................	—	—	—	—
40034	PLANT AND CAPITAL EQUIPMENT........................	—	—	—	—
40035	TOTAL, WATER COOLED BREEDER.........................	—	—	—	—
40038	CIVILIAN REACTOR DEV. PROGRAM SUPPORT				
40039	OPERATING EXPENSES..............................	—	—	—	—
40040	PLANT AND CAPITAL EQUIPMENT........................	—	—	—	—
40041	TOTAL, CIV. REACTOR DEV. PROGRAM SUPPORT.............	—	—	—	—
40055	ADVANCED NUCLEAR SYSTEMS				
40057	OPERATING EXPENSES..............................	—	—	—	—
40063	PLANT AND CAPITAL EQUIPMENT........................	—	—	—	—
40068	TOTAL, ADVANCED NUCLEAR SYSTEMS......................	—	—	—	—

RNLBIT

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 4

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
40070	CONVERTER REACTOR SYSTEMS				
40071	OPERATING EXPENSES..................................	—	—	—	—
40072	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40073	TOTAL, CONVERTER REACTOR SYSTEMS....................	—	—	—	—
40079	BREEDER REACTOR SYSTEMS				
40080	OPERATING EXPENSES..................................	—	—	—	—
40081	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40082	TOTAL, BREEDER REACTOR SYSTEMS......................	—	—	—	—
40089	GENERAL REDUCTION..................................	—	—	—	—
40090	SUBTOTAL, NUCLEAR R&D ACTIVITIES....................	—	—	—	—
40092	NUCLEAR WASTE TECHNOLOGY				
40093	OPERATING EXPENSES..................................	—	—	—	—
40094	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40095	TOTAL, NUCLEAR WASTE TECHNOLOGY.....................	—	—	—	—
B2010	CIVILIAN WASTE R & D				
B2020	OPERATING EXPENSES..................................	13,091	20,550	19,325	6,500
B2030	PLANT AND CAPITAL EQUIPMENT.........................	2,973	2,000	2,000	—
B2040	TOTAL, CIVILIAN WASTE R & D.........................	16,064	22,550	21,325	6,500
40096	REMEDIAL ACTION				
40097	OPERATING EXPENSES..................................	—	—	—	—
40098	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40099	TOTAL, REMEDIAL ACTION..............................	—	—	—	—
40160	DEFENSE NUCLEAR ENERGY PROGRAM				
40161	OPERATING EXPENSES..................................	—	—	—	—
40162	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40163	TOTAL DEFENSE NUCLEAR ENERGY PROGRAM................	—	—	—	—

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
130005	ENVIRONMENT, SAFETY, AND HEALTH				
130008	OPERATING EXPENSES	45,478	46,964	73,990	73,990
130011	PLANT AND CAPITAL EQUIPMENT	1,443	2,575	2,100	2,100
130014	TOTAL, ENVIRONMENT, SAFETY, AND HEALTH	46,921	49,539	76,090	76,090
20002	BIOLOGICAL AND ENVIRONMENTAL RESEARCH				
20003	OPERATING EXPENSES	169,366	220,830	187,438	184,565
20004	PLANT AND CAPITAL EQUIPMENT	10,584	28,400	13,127	12,000
20005	TOTAL, BIOLOGICAL AND ENVIRONMENTAL RESEARCH	179,950	249,230	200,565	196,565
50430	LIQUIFIED GASEOUS SPILL TEST FACILITY				
50435	OPERATING EXPENSES	1,732	1,200	1,200	1,200
50440	PLANT AND CAPITAL EQUIPMENT	—	—	—	—
50445	TOTAL, LIQUIFIED GASEOUS SPILL TEST FACILITY	1,732	1,200	1,200	1,200
20049	MAGNETIC FUSION				
20050	OPERATING EXPENSES	324,537	417,374	372,094	307,490
20051	PLANT AND CAPITAL EQUIPMENT	40,932	39,076	34,636	25,510
20052	TOTAL, MAGNETIC FUSION	365,469	456,450	406,730	333,000
20053	BASIC ENERGY SCIENCES				
20054	OPERATING EXPENSES	340,057	422,500	379,755	380,055
20057	PLANT AND CAPITAL EQUIPMENT	93,713	101,500	63,015	61,315
20058	TOTAL, BASIC ENERGY SCIENCES	433,770	524,000	442,770	441,370
20065	ENERGY RESEARCH OVERSIGHT,ANALY. & UNIV. SUPPORT				
20069	ENERGY RESEARCH ANALYSIS				
20070	OPERATING EXPENSES	2,590	3,600	3,600	3,550
20071	PLANT AND CAPITAL EQUIPMENT	—	—	—	—
20072	TOTAL, ENERGY RESEARCH ANALYSIS	2,590	3,600	3,600	3,550
20112	UNIVERSITY RESEARCH INSTRUMENTATION	6,254	7,000	5,000	5,000
20079	UNIVERSITY RESEARCH SUPPORT				
20080	OPERATING EXPENSES	10,296	15,820	13,100	10,975
20081	PLANT AND CAPITAL EQUIPMENT	—	—	—	—
20082	TOTAL, UNIVERSITY RESEARCH SUPPORT	10,296	15,820	13,100	10,975

RALBHT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 6

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
20083	ADVISORY & OVERSIGHT PROG. DIRECTION................	2,674	3,700	3,600	2,900
20084	SUBTOTAL, ENERGY RESEARCH US.,ANAL., & UNIV. SUP.....	21,022	30,120	25,300	22,425
20089	MULTI-PROGRAM LABORATORIES FACILITIES SUPPORT				
20090	OPERATING EXPENSE..............................	9,307	25,000	19,000	14,255
20091	PLANT AND CAPITAL EQUIPMENT....................	30,517	100,000	48,935	45,935
20092	TOTAL, MULTI-PROGRAM LABERATIES FACILITIES SUPPORT...	39,824	125,000	67,935	60,190
20095	SMALL BUSINESS INNOVATION RESEARCH PROGRAM............	—	—	—	—
999352	IN-HOUSE ENERGY MANAGEMENT				
159002	OPERATING EXPENSES.............................	1,895	2,000	2,000	1,500
159003	PLANT AND CAPITAL EQUIP........................	9,814	33,904	33,904	15,000
999353	TOTAL, IN-HOUSE ENERGY MANAGEMENT....................	11,709	35,904	35,904	16,500
159005	TECHNICAL INFORMATION & MANAGEMENT PROGRAM				
159006	OPERATING EXPENSES.............................	13,072	17,275	17,275	13,848
159007	PLANT AND CAPITAL EQUIPMENT....................	550	1,000	1,000	850
159008	SUPPORT FROM OTHER PROGRAMS....................	-1,209	-7,500	-7,500	-3,923
159010	TOTAL, TECHNICAL INFORMATION & MANAGEMENT PROGRAM....	12,413	10,775	10,775	10,775
20105	POLICY AND MANAGEMENT - ER (ESRD)....................	84	600	600	550
130026	POLICY AND MANAGEMENT - EP (ESRD)....................	—	—	—	—
130029	POLICY AND MANAGEMENT - (ESWH)ESRD...................	—	—	—	—
40107	POLICY AND MANAGEMENT - NE (ESRD)....................	1,732	2,460	1,810	1,810
70335	POLICY AND MANAGEMENT - CE(ESRD).....................	1,601	2,605	2,113	1,527
992089	TOTAL, ENERGY SUPPLY R & D	1,939,520	2,679,293	2,280,811	1,899,951

RALBNT

15:34 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 7

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
50466	UNOBLIG. CARRYOVER FOR LGF..............................	—	—	—	—
50497	SAVINGS FROM MANAGEMENT INITIATIVES - (FE)ESRD......	—	—	—	—
130032	SAVINGS FROM MANAGEMENT INITIATIVES (ESAH)ESRD......	—	—	—	—
82032	SAVINGS FROM MANAGEMENT INITIATIVES..................	—	—	—	—
20213	SAVINGS FROM MANAGEMENT INITIATIVES - (ER)ESRD......	—	—	—	—
40295	SAVINGS FROM MANAGEMENT INITIATIVES - (NE)ESRD......	—	-5,200	—	—
70700	SAVINGS FROM MANAGEMENT INITIATIVES - (CE)ESRD......	—	-4,500	—	—
139505	SAVINGS FROM MANAGEMENT INITIATIVES - (NA)ESRD......	—	-7,300	—	—
20220	USE OF FY86 DEFERRAL - (ER)ESRD........................	—	—	—	—
70768	USE OF FY86 DEFERRAL - CE(ESRD)	—	—	—	-30,280
210020	USE OF UNOBLIG. BALANCES - UE..........................	-200,000	—	—	-23,351
40316	USE OF PRIOR YEAR BALANCES - SEPA	-17,400	—	—	-504,150
20214	ADP GENERAL REDUCTION - (ER)ESRD........................	—	—	—	—
40317	ADP GENERAL REDUCTION - (NE)ESRD........................	—	—	—	—
82033	ADP GENERAL REDUCTION - (CRW)ESRD......................	—	—	—	—
70767	ADP GENERAL REDUCTION - (CS)ESRD........................	—	—	—	—
130041	ADP GENERAL REDUCTION - (ESH)ESRD......................	—	—	—	—
210050	GENERAL REDUCTION - ESRD................................	—	—	—	—
40400	USE OF PRIOR YEAR BALANCES - (NE)ESRD..................	-19,302	—	—	—
70780	USE OF PRIOR YEAR BALANCES - (CE)ESRD..................	-950	—	—	—
20256	ADDBACK OF PROPOSED REPROGRAMMING FOR ESAH - (ER)ESR	700	—	—	—
40345	ADDBACK OF PROPOSED REPROGRAMMING FOR ESAH - (NE)ESR	750	—	—	—
130046	LESS PROPOSED REPROGRAMMING FOR ESAH - (ER)ESRD.....	-700	—	—	—
130045	LESS PROPOSED REPROGRAMMING FOR ESAH - (NE)ESRD.....	-750	—	—	—
130050	LESS PROPOSED TRANSFER FOR ESAH - (BP)AEDA..........	-5,617	—	—	—
130051	LESS PROPOSED TRANSFER FOR ESAH - (NE)UE............	-250	—	—	—
130052	LESS PROPOSED TRANSFER FOR ESAH - (ER)OS............	-300	—	—	—
70775	ADDBACK OF PROPOSED FTE REDUCTION - (CE)ESRD........	65	—	—	—
40351	ADDBACK OF PROPOSED FTE REDUCTION - (NE)ESRD........	103	—	—	—
82090	ADDBACK OF PROPOSED FTE REDUCTION - (CRW)ESRD.......	6	—	—	—
130055	ADDBACK OF PROPOSED FTE REDUCTION - (ESH)ESRD.......	12	—	—	—
20261	ADDBACK OF PROPOSED FTE REDUCTION - (ER)ESRD........	317	—	—	—
139550	ADDBACK OF PROPOSED FTE REDUCTION - (NA)ESRD........	6	—	—	—
992090	TOTAL, ENERGY SUPPLY R & D..............................	1,696,298	2,662,293	2,280,811	1,254,162
992091	(OPERATING EXPENSES)...................................	1,479,043	2,298,328	2,043,484	1,062,807
992092	(PLANT AND CAPITAL EQUIPMENT).........................	217,255	363,965	237,327	191,355

[illegible]
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 8

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
993000	URANIUM ENRICHMENT				
40100	URANIUM ENRICHMENT ACTIVITIES				
40109	OPERATING EXPENSES..............................	1.170.038	1.211.900	1.111.600	1.031.300
40110	PLANT AND CAPITAL EQUIPMENT......................	376.312	33.000	29.000	15.300
40112	REPAYMENT TO TREASURY............................	—	150.000	150.000	235.000
40113	SUBTOTAL, URANIUM ENRICHMENT ACTIVITIES..........	1.546.350	1.394.900	1.290.600	1.281.600
40118	URANIUM PROGRAM DIRECTION........................	4.036	5.100	4.000	4.000
40119	TOTAL, URANIUM ENRICHMENT ACTIVITIES.............	1.550.386	1.400.000	1.295.000	1.286.400
40130	REVENUES				
40139	OPERATING EXPENSES..............................	-1.326.900	-1.400.000	-1.295.000	-1.286.400
40140	PLANT AND CAPITAL EQUIPMENT......................	-33.700	—	—	—
40141	TOTAL, REVENUES..................................	-1.360.600	-1.400.000	-1.295.000	-1.286.400
40350	ADDBACK OF PROPOSED TRANSFER FOR ESAA - (ESA/ESRD...	250	—	—	—
40352	ADDBACK OF PROPOSED FTE REDUCTION - (NE/NE..........	476	—	—	—
993000	TOTAL, URANIUM ENRICHMENT........................	190.512	—	—	—
993091	(OPERATING EXPENSES)............................	-152.100	-33.000	-29.000	-15.300
993092	(PLANT AND CAPITAL EQUIPMENT)....................	342.612	33.000	29.000	15.300

RALBHT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 9

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
991500	GENERAL SCIENCE				
20117	HIGH ENERGY PHYSICS				
20118	OPERATING EXPENSES..................................	369,825	466,420	434,700	427,100
20119	PLANT AND CAPITAL EQUIPMENT..........................	125,033	134,200	125,100	119,200
20120	TOTAL, HIGH ENERGY PHYSICS...........................	494,858	600,620	559,800	546,300
20121	NUCLEAR PHYSICS				
20122	OPERATING EXPENSES..................................	144,367	186,350	175,900	174,900
20123	PLANT AND CAPITAL EQUIPMENT..........................	20,105	58,900	49,300	49,300
20124	TOTAL, NUCLEAR PHYSICS...............................	164,472	245,250	225,200	224,200
20125	HIGH ENERGY AND NUCLEAR PHYSICS PROG. DIRECTION (05).	2,092	3,600	3,200	2,900
991593	TOTAL, GENERAL SCIENCE................................	661,422	849,470	788,200	773,400
20260	ADEQUACY OF PROPOSED TRANSFER FOR ES&H - (ESH)ESRD...	300	-----	-----	-----
20262	ADEQUACY OF PROPOSED FTE REDUCTION - (ER)05..........	206	-----	-----	-----
20207	SAVINGS FROM FY84 INITIATIVES - (ER)05..............	-----	-----	-----	-----
20212	GENERAL REDUCTION - (ER)05...........................	-----	-----	-----	-----
20250	TRANSFER OF APPROPRIATION............................	-6,000	-----	-----	-----
20255	GENERAL REDUCTION - 05...............................	-----	-----	-----	-----
991594	TOTAL, GENERAL SCIENCE................................	655,928	849,470	788,200	773,400
991591	(OPERATING EXPENSES)............................	510,790	656,370	613,800	604,900
991592	(PLANT AND CAPITAL EQUIPMENT)...................	145,138	193,100	174,400	168,500

BALB07 DEPARTMENT OF ENERGY BY APPROPRIATION
FY 1987 CONTROL TABLE
15:50 1/20/86 (DOLLARS IN THOUSANDS) PAGE 10

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
991000	ATOMIC ENERGY				
10010	RESEARCH AND DEVELOPMENT AND TESTING				
10011	OPERATING EXPENSES................................	1,413,609	1,673,350	1,659,500	1,701,000
10014	PLANT AND CAPITAL EQUIPMENT........................	292,290	356,210	368,000	376,000
10022	TOTAL, RESEARCH AND DEVELOPMENT AND TESTING..........	1,705,899	2,029,560	2,027,500	2,077,000
10024	INERTIAL CONFINEMENT FUSION				
10025	OPERATING EXPENSES................................	22,560	165,000	143,200	22,500
10026	PLANT AND CAPITAL EQUIPMENT........................	1,300	11,000	11,000	1,300
10027	TOTAL, INERTIAL CONFINEMENT FUSION....................	23,860	176,000	154,200	23,800
10029	PRODUCTION AND SURVEILLANCE				
10030	OPERATING EXPENSES................................	1,739,789	2,194,800	2,034,600	1,968,504
10031	PLANT AND CAPITAL EQUIPMENT........................	546,164	690,900	607,400	533,700
10032	TOTAL, PRODUCTION AND SURVEILLANCE....................	2,285,953	2,885,700	2,642,000	2,502,204
10040	PROGRAM DIRECTION - DEFENSE PROGRAMS..................	95,100	69,585	63,000	60,550
10057	MATERIALS PRODUCTION				
10060	OPERATING EXPENSES................................	1,447,752	1,729,815	1,638,174	1,596,390
10061	PLANT AND CAPITAL EQUIPMENT........................	320,397	690,120	484,126	469,756
10062	TOTAL, MATERIALS PRODUCTION...........................	1,768,149	2,419,935	2,122,300	2,066,146
10064	DEFENSE WASTE & BY-PRODUCTS MANAGEMENT				
10065	OPERATING EXPENSES................................	378,346	525,700	514,040	455,050
10066	PLANT AND CAPITAL EQUIPMENT........................	240,078	292,600	275,960	249,350
10067	TOTAL, DEFENSE WASTE & BY-PRODUCTS MANAGEMENT........	618,424	818,300	790,000	704,400
10049	VERIFICATION AND CONTROL TECHNOLOGY				
10050	OPERATING EXPENSES................................	84,201	101,400	97,500	95,500
10051	PLANT AND CAPITAL EQUIPMENT........................	10,100	7,600	6,500	6,200
10052	TOTAL, VERIFICATION AND CONTROL TECHNOLOGY............	94,301	109,000	104,000	101,700
10069	NUCLEAR SAFEGUARDS & SECURITY				
10070	OPERATING EXPENSES................................	52,598	62,900	61,900	61,900
10071	PLANT AND CAPITAL EQUIPMENT........................	4,455	11,000	5,000	5,000
10072	TOTAL, NUCLEAR SAFEGUARDS & SECURITY..................	57,053	73,900	66,900	66,900

PALB07 | DEPARTMENT OF ENERGY | BY APPROPRIATION
FY 1987 CONTROL TABLE
15:54 1/20/86 | (DOLLARS IN THOUSANDS) | PAGE 11

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
10079	SECURITY INVESTIGATIONS				
10080	OPERATING EXPENSES..................................	32,200	33,390	33,300	33,300
40154	NAVAL REACTORS DEVELOPMENT				
40155	OPERATING EXPENSES..................................	464,123	529,000	529,000	529,000
40156	PLANT AND CAPITAL EQUIPMENT.........................	71,570	66,200	63,000	63,000
40157	TOTAL, NAVAL REACTORS DEVELOPMENT....................	535,693	596,000	593,600	593,600
991093	TOTAL, ATOMIC ENERGY..................................	7,216,640	9,211,200	8,597,600	8,230,000
10160	ADEQUACY OF PROPOSED TRANSFER FOR ESAA - (ES)(ESAB...	5,617	—	—	—
10161	ADEQUACY OF PROPOSED FTE REDUCTION - (DP)AEDA........	2,084	—	—	—
40353	ADEQUACY OF PROPOSED FTE REDUCTION - (NE)AEDA........	166	—	—	—
10110	ADEQUACY OF O-R-H REDUCTION AGAINST BALANCES.........	7,157	—	—	—
10150	UNOBLIGATED BALANCES BROUGHT FORWARD.................	—	—	—	—
10204	GENERAL REDUCTION....................................	—	—	—	—
10200	SAVINGS FROM MANAGEMENT INITIATIVES - (DP)AEDA.....	—	-14,000	—	—
10202	SAVINGS FROM FY84 INITIATIVES - (DP)AEDA............	—	—	—	—
991095	TOTAL, ATOMIC ENERGY..................................	7,231,664	9,197,200	8,597,600	8,230,000
991091	(OPERATING EXPENSES)................................	5,738,153	7,070,050	6,775,014	6,523,694
991092	(PLANT AND CAPITAL EQUIPMENT)......................	1,493,511	2,126,430	1,822,586	1,706,306

BALSHT
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 12

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
999900	DEPARTMENTAL ADMINISTRATION				
144005	OFFICE OF THE SECRETARY............................	1,603	2,056	2,056	1,860
142005	BOARD OF CONTRACT APPEALS..........................	304	306	306	356
140006	GENERAL COUNSEL....................................	9,715	11,457	10,230	9,953
170010	INSPECTOR GENERAL - FE.............................	18,150	42,307	20,842	20,842
170012	INSPECTOR GENERAL - CE.............................	—	250	250	250
170100	TOTAL, INSPECTOR GENERAL...........................	18,150	42,557	21,092	21,092
151999	MANAGEMENT AND ADMINISTRATION				
152000	OPERATING EXPENSES................................	112,587	146,826	152,400	133,587
152005	PLANT AND CAPITAL EQUIPMENT.......................	8,753	13,288	—	6,600
152009	TOTAL, MANAGEMENT AND ADMINISTRATION...............	121,340	160,114	152,400	140,187
153024	OPERATIONS OFFICE				
153025	OPERATING EXPENSES................................	87,060	111,835	103,389	93,247
153026	PLANT AND CAPITAL EQUIPMENT.......................	980	2,299	1,675	975
153020	TOTAL, OPERATIONS OFFICES..........................	88,040	114,134	105,064	94,222
200010	MINORITY ECONOMIC IMPACT...........................	2,396	4,099	2,950	1,700
130010	POLICY ANALYSIS AND SYSTEM STUDIES.................	7,440	7,590	7,055	7,055
999991	CONGRESSIONAL, INTERGOV. & PUBLIC AFFAIRS..........				
190027	PROGRAM DIRECTION.................................	4,290	5,605	5,829	4,395
190010	INDIAN AFFAIRS....................................	289	200	200	200
190030	CONSUMER AFFAIRS..................................	76	75	50	50
190020	PUBLIC AFFAIRS....................................	415	230	230	230
190021	COMPETITION.......................................	96	50	50	50
999992	SUBTOTAL, CONGRESS., INTERGOV. & PUBLIC AFFAIRS......	5,166	6,160	6,359	4,925
140000	INTERNATIONAL AFFAIRS..............................	3,939	5,143	5,080	5,790
140202	POLICY AND MANAGEMENT - IA(EB).....................	700	710	710	—
220017	COST OF WORK FOR OTHERS............................	143,503	115,000	115,000	115,000

PALBAT

15:50 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 13

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
159010	MISCELLANEOUS REVENUES..................................	-161,743	-139,389	-135,389	-143,438
159019	REVENUES NOT ASSOCIATED WITH COST OF WORK............	-82,495	-99,519	-99,519	-99,519
159020	SUBTOTAL, REVENUES......................................	-244,228	-238,908	-234,908	-242,957
999097	TOTAL, DEPARTMENTAL ADMINISTRATION.....................	159,379	250,537	188,302	151,082
159517	ABSENCE OF PROPOSED RESCISSION-(MA)DA.................	——	——	——	——
159120	USE OF PRIOR YEAR BALANCES - (MA)DA..................	——	——	——	——
159509	SAVINGS FROM MANAGEMENT INITIATIVES - (MA)DA........	——	-6,000	——	——
159509	SAVINGS FROM FY84 INITIATIVES - (MA)DA...............	——	——	——	——
160010	SAVINGS FROM FY84 INITIATIVES - (OC)..................	——	——	——	——
190039	SAVINGS FROM FY84 INITIATIVES - (CP)..................	——	——	——	——
159512	ABP GENERAL REDUCTION..................................	——	——	——	——
159125	FTE REDUCTION - (MA)DA.................................	——	——	——	——
120025	USE OF ESRD BALANCES - (PP)DA.........................	-198	——	——	——
140203	USE OF ESRD BALANCES - (IA)DA.........................	-108	——	——	——
159520	USE OF ESRD BALANCES - (MA)DA.........................	-4,279	——	——	——
160012	USE OF ESRD BALANCES - (OC)DA.........................	-325	——	——	——
162007	USE OF ESRD BALANCES - (PCA)DA........................	-27	——	——	——
164007	USE OF ESRD BALANCES - (OSEC)DA.......................	-54	——	——	——
170014	USE OF ESRD BALANCES - (IG)DA.........................	-325	——	——	——
190041	USE OF ESRD BALANCES - (CP)DA.........................	-162	——	——	——
200012	USE OF ESRD BALANCES - (ME)DA.........................	-27	——	——	——
159751	ABSENCE OF PROPOSED FTE REDUCTION - (MA)DA...........	-3,636	——	——	——
999090	TOTAL, DEPARTMENTAL ADMINISTRATION (NET)............	150,319	244,537	188,302	151,082
999095	(OPERATING EXPENSES - NET)............	140,378	228,700	186,377	143,169
999096	(PLANT AND CAPITAL EQUIPMENT - NET)............	9,941	15,837	1,925	7,913

POLBAT
15:50 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 14

A/S CODE ----	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997000	ALASKA POWER OUT				
79050	POWER MARKETING - ALASKA POWER ADMINISTRATION........	3,295	3,610	3,201	3,201
79093	USE OF PRIOR YEAR BALANCES - (CE)APA................	—	—	—	-400
997000	TOTAL, ALASKA POWER	3,295	3,610	3,201	2,801

RVLBHT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 15

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997200	BONNEVILLE				
01006	POWER MARKETING - BONNEVILLE POWER ADMINISTRATION...	—	—	—	—
01012	PERMANENT INDEFINITE BORROWING AUTHORITY............	330,900	304,900	276,100	276,100
997290	TOTAL, BONNEVILLE POWER ADMIN........................	330,900	304,900	276,100	276,100

PALBNT
#
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 16

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997490	SOUTHEASTERN O&M				
79470	POWER MARKETING - SOUTHEASTERN POWER ADMINISTRATION..	14,735	22,066	21,736	21,736
79611	INCREASE IN NET BILLING............................	----	----	-6,000	----
79612	USE OF PRIOR YEAR DEFERRALS........................	-14,735	----	----	-2,089
997490	TOTAL, SOUTHEASTERN O&M............................	----	22,066	15,736	19,647
997500	SOUTHEASTERN CONT. FUND				
79405	SOUTHEASTERN POWER - CONT. FUND....................	----	----	----	----
997590	TOTAL, SOUTHEASTERN CONT. FUND.....................	----	----	----	----

POLDAT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997000 SOUTHWESTERN O&M					
70400	POWER MARKETING - SOUTHWESTERN POWER ADMINISTRATION.	37,954	49,336	38,580	38,580
70634	USE OF PRIOR YEAR BALANCES CS (SWPA)...............	-8,774	—	—	-13,243
70707	SAVINGS FROM MANAGEMENT INITIATIVES - (CE)SWPA......	—	—	—	—
70777	ABSENCE OF PROPOSED FTE REDUCTION - (CE)SWPA........	11	—	—	—
997090 TOTAL, SOUTHWESTERN O&M.............................		29,191	49,336	38,580	25,337
998000 SOUTHWESTERN CONT. FUND					
70590	SOUTHWESTERN POWER - CONT. FUND......................	—	—	—	—
998090 TOTAL, SOUTHWESTERN CONT. FUND......................		—	—	—	—

RALBAY
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 10

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 CMB REQUEST B/A	FY 1987 CONG. REQ. B/A
990200	WESTERN AREA O&M				
00005	POWER MARKETING - WAPA O&M	196.042	295.300	283.775	283.775
00022	USE OF PRIOR YEAR BALANCES	—	—	—	-43.466
00025	SAVINGS FROM MANAGEMENT INITIATIVES - (WAPA)WAPA	—	—	—	—
00030	GENERAL REDUCTION	—	—	—	—
00035	TRANSFER FROM OTHER ACCOUNTS	—	—	—	—
00037	USE OF ESRD BALANCES - (WAPA)WAPA	-1.000	—	—	—
00040	ADEQUACY OF PROPOSED FTE REDUCTION - (WAPA)WAPA	60	—	—	—
990290	TOTAL, WESTERN AREA O&M	195.910	295.300	283.775	240.309
990400	WESTERN AREA POWER - EMERGENCY FUND				
00015	WAPA EMERGENCY FUND	—	—	—	—
990490	TOTAL, WAPA EMERGENCY FUND	—	—	—	—
990600	COLORADO RIVER BASIN				
00010	COLORADO RIVER BASIN (NON-ADD)	(87.000)	(82.000)	(82.000)	—
990690	TOTAL, COLORADO RIVER BASIN	—	—	—	—

[illegible]
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 19

A/S CODE -----	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
995600	FERC SALARIES AND EXPENSES				
90010	OIL PIPELINE REGULATION..............................	3,624	3,877	4,527	4,486
90020	NATURAL GAS REGULATION..............................	44,297	40,289	45,516	45,081
90030	HYDRO POWER LICENSING..............................	26,820	30,677	30,411	29,293
90040	ELECTRIC POWER REGULATION..........................	19,976	21,084	21,625	20,219
90079	USE OF ESRD BALANCES - (FERC)FERC..................	-3,284	—	—	—
90070	LESS PROPOSED PAY RAISE SUPPLEMENTAL................	—	—	—	—
90043	TOTAL, FERC..	91,433	95,927	102,079	99,079
90047	REVENUES...	-49,470	-82,477	-78,754	-78,754
90080	TOTAL, F E R C...	41,963	13,450	23,325	20,325
90045	GENERAL REDUCTION......................................	—	—	—	—
90078	TRANSFER FROM UNOBL. BAL. - ESRD.....................	—	—	—	—
90075	ADDBACK OF PROPOSED FTE REDUCTION - (FERC)FERC......	26	—	—	—
995690	TOTAL, FERC SALARIES AND EXPENSES......................	41,989	13,450	23,325	20,325

RALDAT $

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 20

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
02060	NUCLEAR WASTE FUND				
02070	NUCLEAR WASTE FUND - DE............................	499,037	879,057	773,970	736,770
02080	NUCLEAR WASTE FUND - PACE..........................	—	24,992	25,379	32,579
110049	NUCLEAR WASTE FUND.................................	—	—	—	—
139011	NUCLEAR WASTE FUND.................................	—	—	—	—
160087	NUCLEAR WASTE FUND.................................	—	—	—	—
02100	TOTAL, NUCLEAR WASTE FUND..........................	499,037	904,049	799,349	769,349

RALANT

15:54 1/29/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 21

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
996000	GEOTHERMAL RESOURCES				
70343	GEOTHERMAL RESOURCES DEVELOPMENT FUND..................	69	1,500	72	72
996099	TOTAL, GEOTHERMAL RESOURCES..............................	69	1,500	72	72
994290	ALTERNATIVE FUELS PRODUCTION				
50450	ALTERNATIVE FUELS PRODUCTION - FE (AFP)...............	—	—	—	—
994291	TOTAL, ALTERNATIVE FUELS PRODUCTION....................	—	—	—	—
999464	CLEAN COAL TECHNOLOGY				
50451	CLEAN COAL TECHNOLOGY..................................	—	—	—	—

PALBNT
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 22

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
992500	FOSSIL ENERGY				
59010	COAL				
59015	CONTROL TECHNOLOGY & COAL PREPARATION				
59020	OP. EXP. & CAP. EQUIP..............................	31,950	39,990	30,740	10,147
59025	CONSTRUCTION....................................	——	——	——	——
59030	TOTAL, CONTROL TECHNOLOGY & COAL PREPARATION.......	31,950	39,990	30,740	10,147
59035	ADV. RESEARCH & TECHNOLOGY DEV				
59040	OP. EXP. & CAP. EQUIP..............................	33,049	40,930	34,277	27,224
59045	CONSTRUCTION....................................	——	——	——	——
59050	TOTAL, ADV. RESEARCH & TECHNOLOGY DEV..............	33,049	40,930	34,277	27,224
59075	COAL LIQUEFACTION				
59080	OP. EXP. & CAP. EQUIP..............................	31,620	31,750	23,100	9,147
59085	CONSTRUCTION....................................	——	——	——	——
59090	TOTAL, COAL LIQUEFACTION...........................	31,620	31,750	23,100	9,147
59095	COMBUSTION SYSTEMS				
59100	OP. EXP. & CAP. EQUIP..............................	14,113	22,677	19,920	9,169
59105	CONSTRUCTION....................................	——	——	——	——
59110	ADVANCE APPROP. - AFB..............................	15,000	——	——	——
59115	TOTAL, COMBUSTION SYSTEMS..........................	29,113	22,677	19,920	9,169
59120	FUEL CELLS				
59125	OP. EXP. & CAP. EQUIP..............................	34,057	15,000	10,703	5,000
59130	CONSTRUCTION....................................	——	——	——	——
59135	TOTAL, FUEL CELLS..................................	34,057 /	15,000	10,703	5,000
59140	HEAT ENGINES AND HEAT RECOVERY				
59145	OP. EXP. & CAP. EQUIP..............................	12,314	25,000	17,100	7,942
59150	CONSTRUCTION....................................	——	——	——	——
59155	TOTAL, HEAT ENGINES AND HEAT RECOVERY..............	12,314	25,000	17,100	7,942
59160	UNDERGROUND COAL GASIFICATION				
59165	OP. EXP. & CAP. EQUIP..............................	4,072	6,331	5,900	——
59170	CONSTRUCTION....................................	——	——	——	——
59175	TOTAL, UNDERGROUND COAL GASIFICATION...............	4,072	6,331	5,900	-----

PALBAT

13:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 23

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
50180	MAGNETOHYDRODYNAMICS				
50185	OP. EXP. & CAP. EQUIP..............................	27,717	16,000	4,000	-----
50190	CONSTRUCTION....................................	-----	-----	-----	-----
50195	TOTAL, MAGNETOHYDRODYNAMICS........................	27,717	16,000	4,000	-----
50200	SURFACE COAL GASIFICATION				
50205	OP. EXP. & CAP. EQUIP..............................	41,323	21,700	16,710	5,590
50210	CONSTRUCTION....................................	-----	-----	-----	-----
50215	TOTAL, SURFACE COAL GASIFICATION....................	41,323	21,700	16,710	5,590
50230	SUBTOTAL, COAL......................................	266,015	219,386	170,228	82,227
50235	GAS				
50240	UNCONVENTIONAL GAS RECOVERY				
50245	OP. EXP. & CAP. EQUIP..............................	8,503	11,530	9,385	5,252
50250	CONSTRUCTION....................................	-----	-----	-----	-----
50255	TOTAL, UNCONVENTIONAL GAS RECOVERY..................	8,503	11,530	9,385	5,252
50270	SUBTOTAL - GAS......................................	8,503	11,530	9,385	5,252
50275	PETROLEUM R&D				
50280	ADVANCED PROCESS TECHNOLOGY				
50285	OP. EXP. & CAP. EQUIP..............................	5,523	6,755	6,000	1,011
50290	CONSTRUCTION....................................	-----	-----	-----	-----
50295	TOTAL, ADVANCED PROCESS TECHNOLOGY..................	5,523	6,755	6,000	1,011
50320	ENHANCED OIL RECOVERY				
50325	OP. EXP. & CAP. EQUIP..............................	11,454	12,150	11,950	4,484
50330	CONSTRUCTION....................................	-----	-----	-----	-----
50335	TOTAL, ENHANCED OIL RECOVERY........................	11,454	12,150	11,950	4,484
50340	OIL SHALE				
50345	OP. EXP. & CAP. EQUIP..............................	12,136	15,739	11,500	3,595
50350	CONSTRUCTION....................................	-----	-----	-----	-----
50355	TOTAL, OIL SHALE....................................	12,136	15,739	11,500	3,595
50370	SUBTOTAL PETROLEUM..................................	29,113	34,644	29,450	9,090

[illegible]

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 24

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
59400	POLICY AND MANAGEMENT				
59405	HEADQUARTERS PROGRAM DIRECTION..........................	13,389	15,497	13,641	11,260
59410	ETC PROGRAM DIRECTION..........................	39,265	44,360	41,808	28,740
59509	FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE.......	511	——	——	221
59415	CAPITAL EQUIPMENT..........................	2,865	5,080	3,870	——
59420	CONSTRUCTION..........................	3,332	7,500	4,000	——
59425	SUBTOTAL, POLICY AND MANAGEMENT..........................	59,359	72,437	63,319	40,221
59426	COOPERATIVE VENTURE R&D POOLS..........................	——	——	——	12,500
59460	TOTAL, FOSSIL ENERGY..........................	342,974	337,997	272,300	150,000
59462	USE OF FY86 DEFERRAL - (FE)FE..........................	——	——	——	-62,295
59465	USE OF UNOBLIGATED BALANCES - FE (FE)..................	-18,015	——	——	-4,461
59467	TRANSFER FROM FOSSIL ENERGY CONSTRUCTION............	-8,230	——	——	——
59470	TRANSFER FROM ALT. FUELS - FE (FE)..................	-2,000	——	——	——
59475	TRANSFER FROM NAVAL PETROLEUM RESERVE..............	——	——	——	——
59485	TRANSFER FOR ENERGY SEC. RES.	-2,775	-2,200	-2,200	-477
59490	PROGRAM OFFSET..........................	——	——	——	——
59496	SAVINGS FROM MANAGEMENT INITIATIVES - (FE) FE.......	——	——	——	——
59500	EMPLOYMENT FLOORS..........................	——	——	——	——
59501	ADVANCE APPROPRIATION MADE IN FY 1986..................	——	——	——	——
59500	TOTAL, FOSSIL ENERGY..........................	311,954	335,797	270,100	82,767
992591	(OP. EXP. & CAP. EQUIP.)..........................	316,052	328,297	266,100	82,767
992592	(CONSTRUCTION)..........................	-4,098	7,500	4,000	——

PALBHT

15:30 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 25

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 SUB B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
992590	NAVAL PETROLEUM AND OIL SHALE RESERVES				
50052	NAVAL PETROLEUM AND OIL SHALE RESERVES..............	148,992	105,009	163,504	163,504
59092	USE OF PRIOR YEAR BALANCES...........................	-135,000	----	-36,404	-36,404
59500	SAVINGS FROM FY86 INITIATIVES - IFE;APP.............	----	----	----	----
992599	TOTAL, NAVAL PETROLEUM AND OIL SHALE RESERVES........	13,992	105,009	127,100	127,100

PALB?? 15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 26

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
99000	CONSERVATION				
70304	TRANSPORTATION	56,637	48,350	43,400	19,000
70320	INDUSTRIAL	45,096	43,800	38,403	15,423
70360	BUILDINGS AND COMMUNITY SYSTEMS	37,200	40,270	36,260	14,130
70375	MULTI-SECTOR	25,574	33,790	28,907	19,850
70390	FACILITIES	9,600	——	——	——
70422	POLICY AND MANAGEMENT - CE(ET)	1,607	4,099	3,065	1,792
70425	POLICY ANALYSIS	——	——	——	——
70381	SUBTOTAL, CONSERVATION RESEARCH AND DEVELOPMENT	170,092	168,819	150,203	71,205
70382	STATE AND LOCAL	256,630	286,649	166,063	5,000
70429	SUBTOTAL ENERGY CONSERVATION	427,312	455,468	316,320	76,205
70433	APPROPRIATED TO NAV PT RES - (EC)	——	-238,156	-139,197	——
70439	USE OF PRIOR YEAR BALANCES	——	——	——	——
70749	USE OF FY86 DEFERRAL - (EC)EC	——	——	——	-36,782
70750	SAVINGS FROM MANAGEMENT INITIATIVES - (EC)EC PAD...	——	-4,000	——	——
70779	EMPLOYMENT FLOORS	——	——	——	——
99099	TOTAL, ENERGY CONSERVATION	427,312	213,312	177,133	39,433

[illegible]

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 27

B/S CODE ----	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
995200	ENERGY REGULATION				
100050	FUELS CONVERSION	1,142	—	—	—
999060	COMPLIANCE	14,081	14,521	14,521	13,695
999082	PETROLEUM OPERATIONS	2,079	2,060	2,060	2,060
999120	PROGRAM ADMINISTRATION	846	655	1,105	1,105
100095	OFFICE OF HEARINGS AND APPEALS	5,275	6,078	6,078	5,090
995290	TOTAL, ENERGY REGULATION	23,423	23,314	23,764	21,950

RALDAT

23:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE ...I	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
995205	EMERGENCY PREPAREDNESS				
140205	ENERGY EMERGENCIES....................................	5,750	6,459	6,459	6,044
995210	TOTAL,EMERGENCY PREPAREDNESS..........................	5,750	6,459	6,459	6,044

BALRPT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
994000	STRATEGIC PETROLEUM RESERVE				
50453	STRATEGIC PETROLEUM RESERVE........................	378,217	174,000	161,499	109,904
50502	USE OF PRIOR YEAR BALANCES........................	-270,684	-----	-----	-109,904
50457	SUBTOTAL, SPR..	107,533	174,000	161,499	-----
50459	SPR PETROLEUM ACCOUNT...............................	-----	-----	-----	-----
999999	TOTAL, STRATEGIC PETROLEUM RESERVE.....................	107,533	174,000	161,499	-----

BOLBHT
15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 30

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
994800	ENERGY INFORMATION ACTIVITIES				
110001	NATIONAL ENERGY INFORMATION SYSTEM				
110002	OIL AND GAS..	12,267	13,529	11,879	12,379
110004	COAL, NUCLEAR, ELECTRIC AND ALTERNATE FUELS..........	3,912	5,273	3,989	3,989
110006	ENERGY MARKETS AND END USE..........................	4,362	4,720	3,370	3,870
110008	AUTOMATED DATA PROCESSING SERVICES STAFF.............	9,336	9,862	8,327	8,327
110010	ENERGY INFORMATION CENTER...........................	733	814	604	604
110012	STATISTICAL STANDARDS...............................	879	983	855	855
110014	PROGRAM DIRECTION...................................	18,512	20,260	19,779	19,104
110016	SUBTOTAL, NATIONAL ENERGY INFORMATION SYSTEM.........	50,001	55,441	48,803	49,128
110018	POLICY AND MANAGEMENT...............................	7,723	11,461	10,848	10,523
110020	COLLECTION PRODUCTION AND ANALYSIS....................	—	—	—	—
110040	PROGRAM SERVICES....................................	—	—	—	—
994890	TOTAL, ENERGY INFORMATION ACTIVITIES..................	57,724	66,902	59,651	59,651

[illegible] 1

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 31

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
986050	DEFENSE/SPR/ENERGY SUMMARY -				
986060	DEFENSE:				
986070	ATOMIC ENERGY	7.231.664	9.197.200	8.397.600	8.230.000
986080	SPR:				
986090	STRATEGIC PETROLEUM RESERVE	107.533	174.000	161.499	—
986100	ENERGY:				
986110	ENERGY SUPPLY R&D	1.696.298	2.662.293	2.200.011	1.254.162
986120	URANIUM ENRICHMENT	190.512	—	—	—
986130	GENERAL SCIENCE	635.928	849.470	708.200	773.400
986150	DEPARTMENTAL ADMINISTRATION	150.319	244.537	100.302	151.002
986260	TOTAL, POWER MARKETING ADMINISTRATIONS	550.346	675.420	617.472	564.274
986270	FERC SALARIES AND EXPENSES	41.909	13.450	23.325	20.325
986280	NUCLEAR WASTE FUND	499.037	904.000	799.309	769.309
986285	INTERIM STORAGE FUND	—	—	—	—
986290	GEOTHERMAL RESOURCES	69	1.500	72	72
502200	SPECIAL FOREIGN CURRENCY	—	—	—	—
986310	ALTERNATIVE FUELS PRODUCTION	—	—	—	—
986312	CLEAN COAL TECHNOLOGY	—	—	—	—
986320	FOSSIL ENERGY	311.954	335.797	270.100	82.767
986330	NAVAL PETROLEUM AND OIL SHALE RESERVES	13.002	165.069	127.100	127.100
986340	ENERGY CONSERVATION	427.512	213.312	177.131	39.433
986350	ENERGY REGULATION	23.423	23.314	23.764	21.850
986355	EMERGENCY PREPAREDNESS	5.750	6.459	6.459	6.044
986370	ENERGY INFORMATION ACTIVITIES	57.724	66.902	59.651	59.651
502100	PAYMENTS TO STATES	570	570	570	570
502204	UNALLOCATED OMB TARGET	—	—	—	—
986385	TOTAL, ENERGY	4.632.433	6.162.962	5.362.314	3.870.087
986390	SUBTOTAL DOE	11.971.630	15.534.230	14.121.413	12.100.087
309035	PROPOSED LEGISLATION - PRIVATIZATION OF NPR	—	—	—	-78.785
986410	TOTAL DOE	11.971.630	15.534.230	14.121.413	12.021.302

Senator **Ford**. How dependent is the budget that you have submitted to stay within the figures on the sale of various proposed items?

Secretary **Herrington**. Well, I can state at least $13 billion of it governmentwide. If you took the plug numbers that are in for NPR and for power marketing administrations you are looking at about $13.5 billion.

I do not know that you would treat that all out of energy. I think that is an overall cash flow to the Treasury.

Senator **Ford**. Well, Senator Melcher, in the sale you said we would get $600 million a year from the sale of oil at Elk Hills—is that correct?

Secretary **Herrington**. It is substantially more than that. It is over $1 billion at this time.

Senator **Ford**. It is over $1 billion a year that the Government is receiving from that?

Secretary **Herrington**. That is correct

Senator **Ford**. So if you sell it for $3.2, within 3 years it would have paid for itself, and beyond that would be profit.

Secretary **Herrington**. Well, there are certain things. That is not an exact position.

Senator **Ford**. Mr. Secretary, be very careful about the way you say numbers and that sort of thing and then turn around and say it is not exact.

Secretary **Herrington**. The $3.6 billion is a sales estimate which that is what a number of experts have said the reserves are worth on a long-term production basis. I do not know if that is true or false. I am not an expert in appraisal of oil reserves.

But a substantial effort would have to be done to make sure that that was the market price for that particular item. There is no question that production from this field is declining, and declining rapidly. So we could say it was worth a $1.3 billion income this year, but our scale will show you in 1995 you only get $0.5 billion or $0.6 billion.

We are also into——

Senator **Ford**. Just a minute. You got how much this year and in 1995 would be how much?

Secretary **Herrington**. $0.6.

Senator **Ford**. $0.6 this year?

Secretary **Herrington**. In revenues.

Senator **Ford**. In revenues. And how much in 1995?

Secretary **Herrington**. In 1986, $1.3 billion revenues; and in 1995 $0.6, with a declining——

Senator **Ford**. $0.6.

Secretary **Herrington**. $0.6.

Senator **Ford**. How much in total then during that 10-year period?

Secretary **Herrington**. $8.5 billion in revenues before consderation of operating costs in excess of $2 million.

Senator **Ford**. So we would get $8.5 billion income based on the best advice you can receive?

Secretary **Herrington**. Yes, sir.

Senator **Ford**. And so over the 10-year period, and then you are looking at selling it for about $3.6 billion?

Secretary **Herrington**. I think I stated that was a plug number.

Senator **Ford**. A plug number.

Secretary **Herrington**. That is a plug number. I do not know that $3.6 is something you would put——

Senator **Ford**. We have an awful hard time in Kentucky getting plugs to pull a plow. So if you are going to plug some things in, I think with the statistics you are showing and the plugging you are doing, it looks like the taxpayer is losing $5 billion on your statement before the committee today.

Secretary **Herrington**. I cannot comment on that.

Senator **Ford**. You just gave me $8-plus billion and if you sell it for $3 and that is the plug number.

Secretary **Herrington**. There are several things that I could say. No. 1, I am not sure $3.6 is the figure it would be sold for. I think that is what is put in the budget.

No. 2, the sale is not anticipated to be completed until 1988. By that time, you have collected another $2.4 billion out of it.

Senator **Ford**. Mr. Chairman, I am going to quit. It seems that this administration is really playing the largest monopoly game in the history of the world—selling railroads, selling airports, selling oil reserves, and they always skip to the next item.

And I see where Mr. Iacocca is fired because he did not want a hotel built. So monopoly is getting to be quite a game and I think we begin to look at a new set of rules for monopoly around this place.

The **Chairman** [presiding]. Senator Evans.

Senator **Evans**. Mr. Chairman, let me return to the nuclear enrichment program because I find some very interesting parallels between what the administration is proposing there and they do not seem to gibe with what the administration is proposing in terms of the power marketing agencies.

You talked about bringing the costs per SWU down to $60 and you talked about maintaining market share internationally. If you defederalize the AVLIS program and if that is what brings the cost down, somebody else ends up with owning that program, how are you going to get any revenue back to pay off the previous investment?

Secretary **Herrington**. It would be our intent to continue to operate the gaseous diffusion plants through the year 2000 at least. I think that is in the plan. Revenue will come back from that.

Senator **Evans**. If the AVLIS technology presumably, or if it is working to be more efficient and better than gaseous diffusion, don't you get to the point where that supplants gaseous diffusion and you can no longer sell on the basis of price?

Secretary **Herrington**. I think that is true. You get to the point where they cross, but I do not think that is near term.

Senator **Evans**. How long term do you expect that to be?

Secretary **Herrington**. It is our policy, when we made these decisions on centrifuge, to run the gaseous diffusion plants through the year 2000. We had not targeted AVLIS for a phasein date. I think a lot more work has to be done on AVLIS to make sure it is the right way to go. We think it is.

Senator **Evans**. But now you think you can get private involvement, private interest. Do you expect private interest at this point in AVLIS, unless private enterprises think that it is pretty close to commercialization?

Secretary **Herrington**. I do not think today we could. As I stated before, it was invented by a private firm.

Senator **Evans**. I understand that. If they thought that it was close to commercial use, they would have continued on with the investment and you would not have had to take it over.

Secretary **Herrington**. I think what we have to do between now and 2000 is work with companies to see if there are privatization potentials for AVLIS. The big question that we have not addressed, obviously, is the $2 billion investment. And that may make it out of the reach of privatization.

Senator **Evans**. Let me talk a little more broadly about the Uranium Enrichment Program. You are talking about lowering the price, talking about being competitive internationally, but you are doing that only by writing off a large share of the investment that has been made in the program up to date; isn't that correct?

Secretary **Herrington**. Yes.

Senator **Evans**. Why not attempt to recover that investment that has been made?

Secretary **Herrington**. I do not think that we can recover that investment and still price competitively.

Senator **Evans**. So you think that it is important to price at a point where people can afford to buy?

Secretary **Herrington**. Yes.

Senator **Evans**. I see. OK.

Then in the future, you are going beyond just the writing off of that investment in the future to make it even more competitive. I understand that the imputed interest on outstanding Government investment that was made prior to October 1, 1986, will no longer be determined by the average rate of Treasury borrowings, but instead the rate of borrowings at the time the investment was made. Is that correct?

Secretary **Herrington**. I do not understand that to be the case. It was my feeling this was the average of the Treasury rate in the applicable years. I think that is where we are on it.

Senator **Evans**. This is your answer to the question. It says:

> Will no longer be determined by applying the average rate of Treasury borrowings for the current year. Rather, imputed interest on outstanding investment made prior to October 1, 1986 will be computed at an interest rate of 6.319 percent, the average of Treasury rates applicable in the years in which net increases in government investment occurred, weighted by the dollar amount of those increases.

Secretary **Herrington**. I think that is right.

Senator **Evans**. OK.

Secretary **Herrington**. The 6.319 percent was the average Treasury rate applicable in those years. Same thing.

Senator **Evans**. And you think it is appropriate to charge the interest rate that occurred at the time of the investment rather than current interest rate?

Secretary **Herrington**. I think in this case.

Senator **Evans**. In this case. Is that a general principle, or is that just——

Secretary **Herrington**. I think that is arrived at with OMB.

Senator **Evans**. Why then has the administration up to this year suggested that for the Bonneville Power Administration you ought to charge on the basis of current interest rates, rather than the interest at the time the investment was made?

Secretary **Herrington**. I have to admit I cannot answer that.

Senator **Evans**. I suspect not.

Secretary **Herrington**. But in one sense, the Bonneville rates were what—2½, 3 percent?

Senator **Evans**. They were what the rates were at the time.

Secretary **Herrington**. No; I cannot argue with you on that.

Senator **Evans**. Where will consistency fall then? Is consistency going to be on behalf of setting interest rates at the time the investment was made or setting interest rates on the basis of current interest rates?

Secretary **Herrington**. Based on our proposal this year, it is the original interest rates.

Senator **Evans**. OK. So we can put behind us all thought of any proposals that would change the interest rate to bring it up to current?

Secretary **Herrington**. You certainly can administratively as far as we are concerned in the Department of Energy.

Senator **Evans**. For this year?

Secretary **Herrington**. Yes.

Senator **Evans**. Only.

Secretary **Herrington**. I would think that is right.

Senator **Evans**. OK. Then I find another very interesting parallel that you suggest, that we have got to keep the rates on uranium enrichment down to the point where they can be competitive or they can be sold.

Do you believe that that same holds true—in other words, what you are really saying is that we are working toward a program that will gain us maximum return, not the maximum price per SWU.

Secretary **Herrington**. I think we are working toward holding our position as a world supplier. In some of the charts I have seen, we do not even increase our world share. This is a policy and a goal to stay even.

Senator **Evans**. Well, are we not increasing our world share because others are ahead of us in technology?

Secretary **Herrington**. I do not think so on technology. I think AVLIS is the most advanced technology there is.

Senator **Evans**. But that is not yet commercial.

Secretary **Herrington**. I think moving out in that direction is still ahead of the rest of the field.

Senator **Evans**. Then why can't we compete internationally?

Secretary **Herrington**. Well, I think there is an unfair competitive advantage that some of our competitors are taking in the uranium field. I do not feel, based on the review that we went through in the last year, that the centrifuge system would have ever kept us even on a world scale without substantial Government help.

I think AVLIS offers us the possibility of being competitive.

Senator **Evans**. Would you suggest that same concept is true in power marketing agencies; that you ought not to raise rates to the point that it becomes noneconomic?

Secretary HERRINGTON. I think it is a difficult comparison between the two.

Senator EVANS. Why so?

Secretary HERRINGTON. There is a much stronger, in my mind, national security interest in the uranium enrichment. I do not want to denigrate the strategic importance of aluminum industries that are located within the PMA's. I think that is very important also.

We have to look at our world position and, obviously, that is something that has to be taken into consideration. But on a pure basis, uranium enrichment, I think the way we have done it in the past and where we are today, is difficult to compare with defederalizing the PMA's.

Senator EVANS. You are going to continue uranium enrichment for national defense purposes certainly, as a separate item from what you are going to do in terms of the world market.

Secretary HERRINGTON. Yes.

Senator EVANS. So that is hardly a comparison.

Secretary HERRINGTON. Yes.

Senator EVANS. Thank you.

The CHAIRMAN. Senator Bradley.

Senator BRADLEY. Thank you very much, Mr. Chairman.

Mr. Secretary, good to see you. I think I will probably go over a couple areas that you have already answered, but I think that the questions will only reflect the depth of interest of the committee on these particular issues.

Let me first deal with the position of the administration in its budget on SPR. Now, we have talked about this a lot. This committee has really been the moving force in assuring that we have an adequate SPR. And I am concerned that you think of all the possible ramifications before you, in the councils of the Cabinet, make this argument for ending the SPR fill.

Do you think that the drop in the price of oil worldwide will lead to a reduction in oil field development?

Secretary HERRINGTON. Yes.

Senator BRADLEY. Do you think that the drop in the price of oil will lead, after a certain period of time, to an increase in demand?

Secretary HERRINGTON. Yes.

Senator BRADLEY. Do you think that that increase in demand will be translated into some probable increase in imports?

Secretary HERRINGTON. Yes.

Senator BRADLEY. Do you believe that it is likely that the United States will ever produce more oil than it did in 1973?

Secretary HERRINGTON. I cannot answer that.

Senator BRADLEY. I mean 10 million barrels a day? Do you think it is likely? What did the United States produce last year?

Secretary HERRINGTON. Possible. Hard to say.

Senator BRADLEY. Do you agree that 70 percent of the reserves in the world are in the Middle East or in the Soviet Union?

Secretary HERRINGTON. I do not know. I will tell you why. I think there are a lot of pockets that have not been found by developers and producers that I have talked to.

True, that your seismic work does not uncover all of them like they used to, but there are substantial pockets of opportunity that have not been found.

Senator **Bradley**. My point in asking these questions is that it is inevitable that demand is going to increase. It is inevitable that the increase in demand will result in some increase in imports.

The Persian Gulf is not more stable today than it was, and the likelihood of disruption at some point is still high. The only thing that we have in that crunch is an SPR supply.

I personally believe that it is shortsighted not to learn the lessons of the last decade. And while we have a lot more oil today than we did in 1979, I think there is still some reason for an increase, at least for continuing some fill rate.

Now, last year, how much did you buy from Mexico?

Secretary **Herrington**. Well, for the SPR, it was 50,000 barrels a day.

Senator **Bradley**. How much money was that?

Secretary **Herrington**. A lot. Our average price was—I do not have the average price. I was going to say $26.50, $25.

[The information follows:]

The actual cost of PEMEX crude purchased in fiscal year 1985 was $27.94.

Senator **Bradley**. And you are proposing no purchase of oil from Mexico this year?

Secretary **Herrington**. Well, the existing contract is almost finished and we are currently buying from Mexico for about another 90 days to reach the 500 million level.

Senator **Bradley**. But then you are not going to buy any more from Mexico?

Secretary **Herrington**. As of right now, that would be the intent.

Senator **Bradley**. Now, the price of oil has dropped considerably since the Baker plan was proposed that assumed an oil price over $20 a barrel. For every dollar drop in the price of oil, Mexico loses about $800 million in foreign exchange.

Could you tell me, do you think it is likely that we would let Mexico basically go bankrupt?

Secretary **Herrington**. Well, I do not think I can answer that. I think that could be better answered by the Secretary of State and by Congress. I have personal views on it but I do not think that they will be determinative.

Senator **Bradley**. Well, let me tell you that in all of the discussions that I have participated in and have heard of, there is always a proviso that even though we are not going to buy Mexican oil this year, we will provide some assistance to them if the price of oil drops.

Now, just from the standpoint of efficiency, isn't it better to get something? Isn't it better to buy something that they have to sell, for example, low-priced oil as opposed to simply give them aid?

Secretary **Herrington**. I think put that way, you are 100 percent correct.

Senator **Bradley**. Can we count on you to be a vigorous proponent of the statement you just made within the councils of the administration?

Secretary **HERRINGTON**. Yes; we are discussing it now.

Senator **BRADLEY**. You are saying that it is better to buy oil from Mexico, rather than just send them aid?

Secretary **HERRINGTON**. I would think so.

Senator **BRADLEY**. And you will make that argument?

Secretary **HERRINGTON**. I will be an advocate of the positions that I have stated here today.

Senator **BRADLEY**. Well, you did not make—yes, you did make that statement. Thank you.

In your prepared statement you did not commit, but you just did.

Good luck. I think that you will be arguing against people who might not want to buy the oil.

Now, let's turn to the sale of the naval petroleum reserve. As I understand it, last year we got about $1.5 billion, is that correct?

Secretary **HERRINGTON**. A little less. About $1.3.

Senator **BRADLEY**. $1.3 billion. If you were an investor and you wanted to get income stream of $1.3 billion, how many Treasury bills, what is the total amount of Treasury notes that you would have to hold in order to get a revenue stream of about $1.3 billion, given current interest rates?

Secretary **HERRINGTON**. Well, depending on your capitalization rate, whatever rate you use—8, 9, 10, 11 percent—you would have to have a considerable asset portfolio.

Senator **BRADLEY**. So you would need about $10 billion in order to get an income flow of about $1 billion? You would need about $10 billion. Is that right?

Secretary **HERRINGTON**. You figure 10 percent.

Senator **BRADLEY**. Or let's say it is less; that interest rates will drop. That means you need more; right?

Secretary **HERRINGTON**. Yes.

Senator **BRADLEY**. And you are proposing to sell this for how much?

Secretary **HERRINGTON**. We are not.

Senator **BRADLEY**. You are not selling it?

Secretary **HERRINGTON**. No; we are not proposing to sell it at a fixed price as I sit here today. I have explained the best I can that the number in the budget is a plug number of potential sale value. What has to be done if we move forward on this is to have an adequate appraisal of what reserves are worth in the ground in this current condition, bearing in mind that it is not $1.3 from here on out. There is a declining revenue stream from this field. We have passed peak production; also, that we are into enhanced recovery and that we are not going to complete the sale until 1988.

Based on what I know today, the figure for the sale is somewhere between $3 and $5 billion. I think that is a reasonable range to look at, but then again I cannot——

Senator **BRADLEY**. You think it is a reasonable range to look at.

Secretary **HERRINGTON**. Based on the experts that have looked at it, I think that is a fair appraised value.

Senator **BRADLEY**. I would need $10 billion in Treasury bills to give me the income stream.

Secretary **HERRINGTON**. Well, there are a lot of problems with that. You would not have that $10 billion if someone was taking away a little each year and it continued dropping; your revenue stream would drop. Also, you would not have to spend money on $10 billion in Treasury bills like we are spending on enhanced recovery.

Senator **Bradley**. Now, is the billion in revenue that came from the Naval Reserve last year included in this year's budget? I mean in Gramm-Rudman, is it assumed?

Secretary **Herrington**. Yes.

Senator **Bradley**. Then how are you going to sell it and get money for selling it and then also get money for selling the oil?

Secretary **Herrington**. It is not proposed to be completely sold until 1988. It is being brought up now.

Senator **Bradley**. So it is not going to help reduce the deficit at all.

Secretary **Herrington**. I think it will.

Senator **Bradley**. This year, in 1987.

Secretary **Herrington**. It is put in for 1988. I think we are figuring payments coming in in 1988 and 1989.

Senator **Bradley**. Well, here is the budget. It says revenues included in the budget for 1987, $1,018 million; and in 1988, $1,859 million. So I just want to know, how can you get revenues from something you just sold?

Secretary **Herrington**. You are correct. I am sorry. Let me see if I can correct this.

One-third down in fiscal year 1987 and then balance to be paid in 1988 would be the way it is figured in the budget submittal.

Senator **Bradley**. Then why does it go up in 1988 in terms of revenue stream? You sold it in 1987 with the balance to be paid in 1988; why do you get more revenue in 1988 than than you do in 1987?

Secretary **Herrington**. This is the sale price. One-third in 1987, two-thirds in 1988.

Senator **Bradley**. You mean it pays one-third in 1987 and two-thirds in 1988?

Secretary **Herrington**. Yes.

Senator **Bradley**. Then my question is still why then do you get a revenue to the Government of $1.8 billion? That revenue is from the sale of oil but you are not going to have the oil if you have sold the Naval Reserve.

Secretary **Herrington**. I will try to clarify it as best I can, or else I will submit it for the record. To the best of my understanding, there is a partial revenue from oil sold during 1987 and partial from the sale price in 1987.

Senator **Bradley**. So those numbers—then in 1988 it is just the sale price?

Secretary **Herrington**. Yes. That is my understanding.

Senator **Bradley**. Well, I would like to get a more detailed breakdown of that if you can.

Secretary **Herrington**. We would be happy to.

[The information follows:]

NAVAL PETROLEUM RESERVE REVENUES

Total Federal revenues from the sale of petroleum from the Naval Petroleum Reserves under existing law are estimated at $1,105 million in FY 1987 and $983 million in FY 1988. Within these amounts are Windfall Profit Tax payments which are recorded in the revenue side of the budget and which would continue to be received from a private purchaser. These are estimated at $93 million in FY 1987 and $58 million in FY 1988. In addition, total revenues are offset by program outlays of $166 million in FY 1987 and $173 million in FY 1988, thus the net budget outlay offsets from production of the Naval Petroleum Reserves under existing law are estimated at $846 million in FY 1987 and $752 million in FY 1988 as shown on pages 5-33 of the President's FY 1987 budget.

The sale of the Naval Petroleum Reserves during the 1987-88 timeframe is estimated to have the following direct impacts in those years:

IMPACTS ON FEDERAL OUTLAYS

[In millions]

	Fiscal year—	
	1987	1988
Reduced program cost	[1] −$80	−$167
Reduced program revenue	[1] +506	+925
Sales proceeds [2]	−1,200	−2,400
Direct impacts	−774	−1,642

[1] Half-year only.

[2] Distributed between FY 1987 and FY 1988 to reflect uncertainties in timing and terms of a sale transaction.

In addition to these direct impacts it is assumed that funds will not be made available from Naval Petroleum Reserve proceeds to the National Defense Stockpile Fund as in FY 1986. These amounts might have represented $254 million in FY 1987 and $226 million in FY 1988 and the reductions in such spending have been associated with the sales transactions, yielding overall net offsets of $1 billion in FY 1987 and $1.9 billion in FY 1988.

In estimated Federal proceeds from the sale of the Naval Petroleum Reserves No. 1 and No. 3, the continued Federal receipts of tax revenues from the private owner needs to be considered. The value to a private purchaser would likely be derived from after-tax net revenues.

Senator **Bradley**. One other question and that has to do with the Plasma Physics Lab that the budget does envision funding at about $194 million for 1987. That is what is requested.

Could you tell me, is this a project in which there is a cooperative agreement with the Soviet Union?

Secretary **Herrington**. I know there is exchange of scientists. Whether there is in fact agreement, Dr. Trivelpiece tells me there is.

Senator **Bradley**. There is agreement? Is that renewed agreement? I mean that has not taken place in the last couple of years. When did it begin again?

Dr. **Trivelpiece**. The agreement was first established in 1974. It was renewed in 1984 for 5 years, and was renewed again December 12 of last year for the remainder of the 2-year to 5-year period. It covers control fusion and plasma physics as part of the Atomic Energy Agreement with the Soviet Union back in 1974.

Senator **Bradley**. It is a cooperative arrangement? Soviet and U.S. scientists work together on this?

Secretary **Herrington**. Yes.

Senator **Bradley**. And the money that the U.S. side receives comes from your proposed budget?

Dr. **Trivelpiece**. No exchange of budgets.

Senator **Bradley**. To finance the American portion of it, it comes from this request of $94 million?

Secretary **Herrington**. Yes.

Senator **Bradley**. Thank you very much.

The **Chairman**. Thank you, Senator.

Senator Warner.

Senator **Warner**. Thank you, Mr. Chairman.

Mr. Secretary, first I wish to express this Senator's belief that you have discharged your first year in office, or whatever the brief period has been, very commendably.

Secretary **Herrington**. Thank you.

Senator **Warner**. I hope the successive years are even more productive.

Turning to the question of clean coal, I wish to associate myself with the remarks made by my distinguished colleague from West Virginia, Mr. Rockefeller, about the proposal requiring repayment of the Government's share of funding.

I somehow have the fear that this would be a disincentive for the private sector. But I judge you disagree with me and, if so, why?

Secretary **Herrington**. Well, I think it has the potential to be a disincentive and we must ensure that it does not become a disincentive. It will depend on the way that it is administered.

If there are substantial profits from the venture and if there is an ability to pay back what the Government put up as seed money, then I think we ought to keep that as an underlying premise.

If it is a small business with very small profits and it would jeopardize them, then I think we have to look at it another way. I do not feel the payback issue should jeopardize this program. And I will work to make sure it does not.

Senator **Warner**. In simple language, you do not have both feet in cement on this issue right now?

Secretary **Herrington**. That is correct.

Senator **Warner**. Now, the civilian radioactive waste, your Department released in January 1986 the area recommendation report, narrowing down the sites for a second repository from 200 to 12. As you know, some of those 12 sites are in my State of Virginia, and I have now visited those areas and am trying to work in the spirit and within the law with protecting our interests.

Will you notify the areas under consideration when they are disqualified, or will the Department wait until the next announcement date in 1991 when presumably the five final sites are recommended to the President?

Secretary **Herrington**. I think it would be a prudent policy to try and disqualify sites as rapidly as possible in our characterization process. All we have done at this point is attempted to abide by the spirit of the law and it has obviously not been easy for this Department. We have tried to keep it a nonpolitical process and one very objective, and I think the least we can do is try to get at the sites that are not going to make it.

Senator **Warner**. That is a recommendation that I communicated to you, and you are prepared to accept that recommendation?

Secretary **Herrington**. Yes, I am.

Senator **Warner**. I thank you, Mr. Secretary.

On the subject of the production facilities for the nuclear systems, this is another subject that you and I have discussed at length, particularly the security issue. As you know, I work in this area in the Armed Services Committee as well as the leadership of my chairman in this committee.

I commend you for taking on as one of your highest priorities the review of the security systems. I wonder if you might provide the committee with the result to date of your review of that security and the confidence level that you now have?

Secretary HERRINGTON. I would be pleased to do that. I would like to submit the report from the special action group that did a full review. I do not know if we have done that yet. I know it is available. We can make that available to you.[1]

We did a site-by-site analysis. There was a special group that did the evaluation and there is a report available.

Senator WARNER. And just generally speaking, what is your level of confidence now as the Secretary?

Secretary HERRINGTON. I think over the past few years, not only the last year that I have been there, but during the time that Mr. Hodel was there, a lot of progress was made with the support of this committee.

A lot of money has been spent, approximately $750 million per year on upgrading the sites. We recently reported to the National Security Council on where we are in this particular area, and the report showed a lot of progress. My confidence level is definitely up.

I think much of the money has gone into security areas, hardening sites, better equipment, and I think the level of personnel awareness is very good now. We have a ways to go. I think we have done a good job.

Senator WARNER. So the steps you are taking are such that we can expect that any increased level of threat in this Nation from terrorist organizations or others can be met adequately by your system?

Secretary HERRINGTON. I believe that to be true. One of the problems, as you well know with your background, is that sites differ in their typography and how you defend those. You cannot uniformly step into these sites and say we are going to put a fence around them. Each site is different and requires different work to be done.

I think we have some very good people running the program. Our new Assistant Secretary for Defense Programs, Bob Foley, is one of the best people in public service today.

Senator WARNER. I share that. He is a very impressive individual and we are fortunate to have him reenter public service after a distinguished career in the Navy.

Mr. Secretary, the continuous electron beam accelerator facility received, I felt, very fair consideration in your budget. I regret I was not present earlier today because of a commitment in the Armed Services Committee when Mr. Johnston addressed this issue. But can you offer the prospects for CEBAF funding, should the sequestration order under Gramm-Rudman take effect in October?

Secretary HERRINGTON. It is our intention to continue with CEBAF. I think it is up to Congress to pass the funding for it. I do not want to comment on what would happen with automatic sequestration, but I believe that is unconstitutional at this point.

---

[1] This information is classified and has been submitted directly to Senator Warner. It is not presently available for printing.

So I do not see a problem.

Senator WARNER. I just wanted to tell you of my interest and that of other Senators and also to thank Dr. Trivelpiece for his really extraordinary support on this issue.

Turning now to the subject of petroleum overcharges, the court has ruled, as you well know, in the Exxon case, distributions to be in accordance with, if I may say immodestly, the Warner Amendment.

Do you support this distribution of moneys not covered, in other words, similar distribution not covered by the Exxon case?

Secretary HERRINGTON. Well, I do. The Warner amendment to me is a clear expression of congressional will and it is our intent to abide by it.

Senator WARNER. Mr. Secretary, with both of us drawing on some experience in the Navy Department and familiar with the famous naval petroleum reserve, the administration proposes to sell the reserve. The estimated return I think would be somewhere around $3.6 billion.

Yet, when I compare that with an annual, as I understand it, $1 billion income to the Federal Government from this facility, I am concerned as to whether or not this is a prudent sale.

Can you comment?

Secretary HERRINGTON. Well, I think this question has come up. I think you have a $1.3 billion in 1986 is what the income was, but you have a declining revenue stream that comes down through the next 10 years, ending up at about $0.6 billion in 1995 because of the fact that field is being exhausted and the reserves in there have a market value somewhere between $3 and $5 billion. I do not know the exact figure.

We do have expenses in that field on enhanced recovery coming up. It all has to be evaluated. In addition, a buyer of that field will have to pay income taxes, which is something we have not talked about heretofore. But the Federal Government does not pay income taxes on that $1 billion.

So it all has to work out, but it has got to be a fair value.

Senator WARNER. I thank the Secretary. I thank the chairman.

The CHAIRMAN. Thank you.

Senator Evans, do you have further questions?

Senator EVANS. No, I do not. I may have some to submit.

The CHAIRMAN. Surely.

Mr. Secretary, I thank you very much for your appearance and willingness to help us by expediting the questions that we have already submitted.

I will ask that all members of the committee who desire to submit further questions for answer in writing do so by 5 o'clock on today, because we do have a very, very tight time schedule with respect to our recommendation to the Budget Committee. And I will likewise again be in a position to thank you, I am certain, for the prompt reply to those questions.

Again, Mr. Secretary, thank you very much for your testimony here today.

Secretary HERRINGTON. Thank you, Mr. Chairman. I appreciate it.

The CHAIRMAN. We will recess until the hour of 2 o'clock this afternoon.

[Whereupon, at 11:55 a.m., the committee recessed, to reconvene at 2 p.m. the same day.]

APPENDIX I

RESPONSES FROM SECRETARY HERRINGTON TO ADDITIONAL COMMITTEE QUESTIONS

PRE-HEARING QUESTIONS AND ANSWERS

relating to the

FEBRUARY 18, 1986, HEARING

before the

COMMITTEE ON ENERGY AND NATURAL RESOURCES

UNITED STATES SENATE

WITNESS: SECRETARY HERRINGTON

Gramm-Rudman-Hollings (P.L. 99-177) Reductions

Question 1: Would you provide for the record a fiscal year 1986 baseline table indicating for each appropriations account?

a. the budget authority and estimated outlays as appropriated by Congress;

b. at the applicable level of detail, the sequester baseline for the purpose of the Gramm-Rudman-Hollings Act; and

c. at the applicable level of detail, the budget authority and estimated outlays after sequester.

Answer: The attached table reflects the information requested at the programmatic level of detail reflected in the conference reports accompanying the FY 1986 appropriations legislation. The table's five data columns are:

Column 1 - New budget authority for FY 1986, as appropriated.

Column 2 - Adjustments required to reduce new budget authority to the sequesterable base identified in accordance with P.L. 99-177.

Column 3 - Sequesterable base (Column 1 plus Column 2).

Column 4 - Reductions pursuant to P.L. 99-177.

Column 5 - New budget authority available after sequester (Column 1 plus Column 4).

Attachment to Question 1

RHEDGR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

SUMMARIES

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
960025	ENERGY AND WATER DEVELOPMENT ACCOUNTS:					
960050	Energy supply research and develmt					
960060	Operating expenses..................................	1,541,745	------	1,541,745	-67,553	1,474,192
960070	Plant and capital equipment	230,526	------	230,526	-8,655	221,871
960080	Total energy supply research and development..........	1,772,271	------	1,772,271	-76,208	1,696,063
960090	Uranium enrichment -					
960100	Operating expenses..................................	-139,600	-185,000	-324,600	-46,479	-186,079
960110	Plant & capital equipment...........................	391,700	------	391,700	-14,912	376,788
960120	Total uranium enrichment..............................	252,100	-185,000	67,100	-61,391	190,709
960130	General science and research -					
960140	Operating expenses..................................	535,800	------	535,800	-23,010	512,790
960150	Plant & capital equipment...........................	149,600	------	149,600	-6,462	143,138
960160	Total general science and research....................	685,400	------	685,400	-29,472	655,928
960170	Atomic energy defense activities -					
960180	Operating expenses..................................	6,017,887	------	6,017,887	-295,511	5,722,376
960190	Plant & capital equipment...........................	1,586,728	------	1,586,728	-77,115	1,509,613
960200	Total atomic energy defense activities................	7,604,615	------	7,604,615	-372,626	7,231,989
960210	Departmental administration					
960220	Operating expenses..................................	155,811	-35,800	120,011	-15,721	140,090
960230	Capital equipment...................................	10,327	------	10,327	-385	9,942
960250	Total departmental administration.....................	166,138	-35,800	130,338	-16,106	150,032

RHEGER

17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

SUMMARIES

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
960260	Power marketing					
960270	Alaska power administration -					
960280	Operating & maintenance.............................	3,281	-2,455	826	-36	3,245
960290	Bonneville power administration........................	———	———	———	———	———
960300	Southeastern power administration -					
960310	Operation & maintenance.............................	———	———	———	———	———
960311	Southeastern power administration -					
960312	Continuing fund..	———	———	———	———	———
960320	Southwestern power administration -					
960330	Operation & maintenance.............................	29,500	-22,310	7,190	-309	29,191
960331	Southwestern power administration					
960332	Continuing fund..	———	———	———	———	———
960340	Western area power administration -					
960350	Construction, rehabilitation........................	197,500	-160,518	36,982	-1,590	195,910
960351	Western area power administration -					
960352	Emergency fund..	———	———	———	———	———
960360	Western area power administration -					
960370	Colorado river basin..................................	———	———	———	———	———
960432	Total power marketing..................................	230,281	-185,283	44,998	-1,935	228,346
960440	Federal energy regulatory					
960460	commission...	46,098	———	46,098	-4,109	41,989
960470	Nuclear waste disposal fund...........................	521,460	———	521,460	-22,423	499,037
960480	Geothermal resources development					
960490	Fund..	72	———	72	-3	69
960495	Special foreign currency...............................	———	———	———	———	———
960497	TOTAL, ENERGY AND WATER DEVELOPMENT ACCOUNTS..........	11,278,435	-406,083	10,872,352	-584,273	10,694,162

PAEGOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

SUMMARIES

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
960490	INTERIOR ACCOUNTS:					
960510	Alternative fuels production	——	——	——	——	——
960520	Clean coal technology reserve	(397,600)	(-397,600)	——	——	(397,600)
960530	Fossil energy research and development					
960540	Fossil energy research and develmt	327,750	——	327,750	-13,763	313,987
960542	Fossil energy capital equipment	2,982	——	2,982	-117	2,865
960550	Fossil energy construction	-4,761	——	-4,761	-137	-4,898
960560	Total fossil energy research and development	325,971	——	325,971	-14,017	311,954
960570 960580	Naval petroleum and Oil shale reserves	13,596	——	13,596	-594	13,002
960590	Energy conservation	446,721	——	446,721	-19,209	427,512
960600	Economic regulation	24,475	——	24,475	-1,052	23,423
960605	Emergency preparedness	6,000	——	6,000	-250	5,750
960610	Strategic petroleum reserve	112,365	——	112,365	-4,832	107,533
960620	Energy Information Administration	60,318	-----	60,318	-2,594	57,724
960645	TOTAL, INTERIOR ACCOUNTS	989,444	——	989,444	-42,546	946,898
960646	OTHER ACCOUNTS					
960647	Payments to states	570	-570	——	——	570
960648	SUBTOTAL, DOE	12,268,449	-406,653	11,861,796	-626,819	11,641,630
960652	(Operating expenses)	(10,117,613)	(-581,579)	(9,536,034)	(-520,816)	(9,596,797)
960653	(Capital equipment)	(687,385)	——	(687,385)	(-30,794)	(656,591)
960654	(Construction)	(1,682,773)	——	(1,682,773)	(-77,118)	(1,605,655)
960655	LESS OFF-BUDGET SPR	——	——	——	——	——
960656	Total D.O.E. appropriations	12,268,449	-406,653	11,861,796	-626,819	11,641,630

PNEDCR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title		FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
961100	SUMMARY BY APPROPRIATION:	(B/O)					
961105	ENERGY SUPPLY R&D..................................	(B/O)	1,892,288	-990,202	902,086	-38,790	1,853,498
961110	URANIUM ENRICHMENT..................................	(B/O)	-95,600	——	-95,600	——	-95,600
961115	GENERAL SCIENCE..................................	(B/O)	699,183	-187,650	511,533	-21,996	677,187
961120	ATOMIC ENERGY..................................	(B/O)	7,380,000	-2,729,599	4,650,401	-227,870	7,152,130
961125	DEPARTMENTAL ADMINISTRATION....................	(B/O)	152,772	-192,401	-39,629	-8,798	143,974
961130	POWER MARKETING ADMINISTRATIONS:	(B/O)					
961135	ALASKA POWER ADMINISTRATION....................	(B/O)	3,671	-2,944	727	-31	3,640
961140	BONNEVILLE POWER ADMINISTRATION................	(B/O)	-31,615	82,315	50,700	-2,180	-33,795
961145	SOUTHEASTERN POWER O&M.........................	(B/O)	14,664	-13,755	909	-39	14,625
961150	SOUTHEASTERN CONT. FUND........................	(B/O)	——	——	——	——	——
961155	SOUTHWESTERN POWER O&M.........................	(B/O)	38,600	-32,273	6,327	-272	38,328
961160	SOUTHWESTERN POWER CONT. FUND..................	(B/O)	——	——	——	——	——
961165	WESTERN AREA POWER O&M.........................	(B/O)	214,522	-174,334	40,188	-1,728	212,794
961170	WAPA EMERGENCY FUND............................	(B/O)	——	——	——	——	——
961180	TOTAL, POWER MARKETING ADMINISTRATIONS.........	(B/O)	239,842	-140,991	98,851	-4,250	235,592
961185	FERC SALARIES AND EXPENSES.....................	(B/O)	48,164	-6,527	41,637	-3,918	44,246
961190	NUCLEAR WASTE FUND.............................	(B/O)	516,158	-191,551	324,607	-13,958	502,200
961195	GEOTHERMAL RESOURCES...........................	(B/O)	15,511	-15,439	72	-3	15,508
961200	SPECIAL FOREIGN CURRENCY.......................	(B/O)	——	——	——	——	——
961205	ALTERNATIVE FUELS PRODUCTION...................	(B/O)	72,741	-72,539	202	-9	72,732
961210	FOSSIL ENERGY..................................	(B/O)	307,150	-209,359	97,791	-4,205	302,945
961215	NAVAL PETROLEUM AND OIL SHALE RESERVES.........	(B/O)	164,400	-154,599	9,801	-421	163,979
961220	ENERGY CONSERVATION............................	(B/O)	438,931	-327,652	111,279	-4,785	434,146
961225	ECONOMIC REGULATION............................	(B/O)	25,000	-9,575	15,425	-663	24,337
961227	EMERGENCY PREPAREDNESS.........................	(B/O)	4,800	-592	4,208	-181	4,619
961230	STRATEGIC PETROLEUM RESERVE....................	(B/O)	513,521	-462,972	50,549	-2,174	511,347
961235	ENERGY INFORMATION ACTIVITIES..................	(B/O)	62,424	-23,487	38,937	-1,674	60,750
961240	PAYMENTS TO STATES.............................	(B/O)	570	-570	——	——	570
961245	SUBTOTAL D O E OUTLAYS.........................	(B/O)	12,437,855	-5,715,705	6,722,150	-333,695	12,104,160
961250	LESS OFF-BUDGET SPRO...........................	(B/O)	262,950	-262,950	——	——	262,950
961255	TOTAL, D O E OUTLAYS...........................	(B/O)	12,174,905	-5,452,755	6,722,150	-333,695	11,841,210

RNEDSP
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 1

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
100000	ENERGY SUPPLY RESEARCH AND DEVELOPMENT					
100010	SOLAR ENERGY					
100020	I. Solar applications					
100030	A. Solar building energy systems					
100040	Operating expenses..............................	8,000	-----	8,000	-300	7,700
100050	Capital equipment..............................	500	-----	500	-19	481
100060	Subtotal, Solar building energy systems..........	8,500	-----	8,500	-319	8,181
100110	B. Photovoltaic energy systems					
100120	Operating expenses..............................	47,800	-----	47,800	-1,807	45,993
100130	Capital equipment..............................	1,200	-----	1,200	-45	1,155
100140	Construction - (84-CE-001).....................	-----	-----	-----	-----	-----
100150	Subtotal, Photovoltaic energy systems............	49,000	-----	49,000	-1,852	47,148
100210	C. Solar thermal energy systems					
100220	Operating expenses..............................	26,600	-----	26,600	-1,004	25,596
100230	Capital equipment..............................	300	-----	300	-11	289
100240	Construction:					
100260	80-ES-19 Small communities system app. exp...	-----	-----	-----	-----	-----
100270	80-ES-2 Shenandoah large scale exp...........	-----	-----	-----	-----	-----
100280	76-2-B 10MW Central receiver solar thermal					
100290	Power plant, Barstow, California..............	-----	-----	-----	-----	-----
100300	Subtotal, Construction.........................	-----	-----	-----	-----	-----
100310	Subtotal, Solar thermal energy system............	26,900	-----	26,900	-1,015	25,885

RNEGGR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 2

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
100320	D. Biofuels energy systems					
100330	Operating expenses............................	27,800	------	27,800	-1,051	26,749
100340	Capital equipment.............................	600	------	600	-23	577
100350	Subtotal, Biofuels energy systems................	28,400	------	28,400	-1,074	27,326
100420	E. Wind energy systems					
100430	Operating expenses............................	13,000	------	13,000	-491	12,509
100432	MOD-5.....................................	12,000	------	12,000	-454	11,546
100440	Capital equipment.............................	800	------	800	-30	770
100480	Prior year projects..........................	------	------	------	------	------
100500	Subtotal, Wind energy systems....................	25,800	------	25,800	-975	24,825
100510	F. Ocean energy systems					
100520	Operating expenses............................	5,000	------	5,000	-189	4,811
100530	Capital equipment.............................	------	------	------	------	------
100570	Subtotal, Ocean energy systems...................	5,000	------	5,000	-189	4,811
100590	Subtotal, Solar applications.....................	143,600	------	143,600	-5,424	138,176
100600	(Operating expenses)............................	(140,200)	------	(140,200)	(-5,296)	(134,904)
100610	(Capital equipment)............................	(3,400)	------	(3,400)	(-128)	(3,272)
100620	(Construction)............................	------	------	------	------	------

[illegible]
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 3

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
100780	II. Other solar energy					
100790	A. International solar energy program - OE.......	1,000	—	1,000	-38	962
100800	B. Solar technology transfer					
100810	Operating expenses............................	3,100	—	3,100	-117	2,983
100820	Capital equipment.............................	—	—	—	—	—
100830	Subtotal, Solar technology transfer...............	3,100	—	3,100	-117	2,983
100840	C. Solar Reserve Account - OE......................	—	—	—	—	—
100850	D. Solar Energy Research Institute					
100860	Operating expenses............................	—	—	—	—	—
100880	Capital equipment.............................	261	—	261	-10	251
100890	Construction:					
100900	General plant projects........................	2,071	—	2,071	-78	1,993
100910	SERI permanent facility........................	—	—	—	—	—
100930	Subtotal, Solar Energy Research Institute........	2,332	—	2,332	-88	2,244
100940	E. Alcohol fuels					
100950	Operating expenses............................	—	—	—	—	—
100960	Capital equipment.............................	—	—	—	—	—
100970	Subtotal, Alcohol fuels...........................	—	—	—	—	—

[illegible]

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 4

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
100972	F. Resource assessment					
100974	Operating expenses..............................	950	——	950	-36	914
100976	Capital equipment..............................	50	——	50	-2	48
100978	Subtotal, Resource assessment....................	1,000	——	1,000	-38	962
100980	G. Program support - OE...........................	1,300	——	1,300	-49	1,251
100990	H. Program direction - OE.........................	4,900	——	4,900	-182	4,718
101040	Subtotal, Other solar energy......................	13,632	——	13,632	-512	13,120
101050	(Operating expenses).............................	(11,250)	—— (	11,250)	(-422)	(10,828)
101060	(Capital equipment).............................	(311)	—— (	311)	(-12)	(299)
101070	(Construction).............................	(2,071)	—— (	2,071)	(-78)	(1,993)
101090	TOTAL, SOLAR ENERGY..................................	157,232	——	157,232	-5,936	151,296
101100	(Operating expenses).................................	(151,450)	—— (	151,450)	(-5,718)	(145,732)
101110	(Capital equipment).................................	(3,711)	—— (	3,711)	(-140)	(3,571)
101120	(Construction).................................	(2,071)	—— (	2,071)	(-78)	(1,993)

PAEDOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 5

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
101120	GEOTHERMAL					
101140	I. Hydrothermal industrialization					
101150	Operating expenses.............................	2,000	—	2,000	-75	1,925
101160	Capital equipment..............................	—	—	—	—	—
101170	Construction:					
101180	89-G-1 50 MWE Geothermal demo, Valles Calder.	—	—	—	—	—
101190	89-G-2 Second 50 MWE demo plant, unknown site	—	—	—	—	—
101200	Subtotal, Construction.........................	—	—	—	—	—
101210	Subtotal, Hydrothermal industrialization.........	2,000	—	2,000	-75	1,925
101220	(Operating expenses).............................	(2,000)	—	(2,000)	(-75)	(1,925)
101230	(Capital equipment).............................	—	—	—	—	—
101240	(Construction)................................	—	—	—	—	—
101250	II. Geopressured resources					
101260	Operating expenses.............................	4,600	—	4,600	-174	4,426
101270	Capital equipment..............................	—	—	—	—	—
101280	Subtotal, Geopressured resources.................	4,600	—	4,600	-174	4,426
101290	(Operating expenses).............................	(4,600)	—	(4,600)	(-174)	(4,426)
101300	(Capital equipment).............................	—	—	—	—	—
101310	III. Geothermal technology development					
101320	Operating expenses.............................	20,300	—	20,300	-752	19,548
101330	Capital equipment..............................	500	—	500	-19	481
101340	Subtotal, Geothermal technology development......	20,800	—	20,800	-771	20,029
101350	(Operating expenses).............................	(20,300)	—	(20,300)	(-752)	(19,548)
101360	(Capital equipment).............................	(500)	—	(500)	(-19)	(481)

[illegible]

[illegible] 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

PAGE 6

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
001370	IV. Hydrothermal commercialization....................	-----	-----	-----	-----	-----
001390	V. Program direction - OE...........................	800	-----	800	-29	771
001400	TOTAL, GEOTHERMAL....................................	28,200	-----	28,200	-1,049	27,151
001410	(Operating expenses).................................	(27,700)	----- (	27,700)	(-1,030)	(26,670)
001420	(Capital equipment).................................	(500)	----- (	500)	(-19)	(481)
001430	(Construction).................................	-----	-----	-----	-----	-----
001440	HYDROPOWER					
001450	I. Small scale hydropower development - OE..........	453	-----	453	-17	436
001460	II. Feasibilities studies loan program - OE..........	-----	-----	-----	-----	-----
001470	III. Program direction - OE..........................	47	-----	47	-2	45
001490	TOTAL, HYDROPOWER....................................	500	-----	500	-19	481

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
101500	ELECTRIC ENERGY SYSTEMS AND STORAGE					
101510	I. Electric energy systems					
101520	A. Electric field effects research					
101530	Operating expenses..............................	3,000	——	3,000	-113	2,887
101540	Capital equipment..............................	——	——	——	——	——
101550	Subtotal, Electric field effects research........	3,000	——	3,000	-113	2,887
101560	B. Reliability research					
101570	Operating expenses..............................	3,000	——	3,000	-113	2,887
101580	Capital equipment..............................	——	——	——	——	——
101620	Subtotal, Reliability research....................	3,000	——	3,000	-113	2,887
101630	C. System technology					
101640	Operating expenses..............................	5,630	——	5,630	-212	5,418
101650	Capital equipment..............................	——	——	——	——	——
101660	Subtotal, System technology......................	5,630	——	5,630	-212	5,418
101670	D. Program direction - CE........................	370	——	370	-14	356
101680	Subtotal,Electric energy systems.................	12,000	——	12,000	-452	11,548
101690	(Operating expenses)............................	(12,000)	——	(12,000)	(-452)	(11,548)
101700	(Capital equipment)............................	——	——	——	——	——

RAEDOR
17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 8

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
101720	II. Energy Storage Systems					
101730	A. Battery storage					
101740	Operating expenses..............................	14,500	——	14,500	-542	13,958
101750	Capital equipment..............................	200	——	200	-8	192
101760	Subtotal, Battery storage..........................	14,700	——	14,700	-550	14,150
101770	B. Thermal and mechanical storage					
101780	Operating expenses..............................	3,060	——	3,060	-115	2,945
101790	Capital equipment..............................	——	——	——	——	——
101800	Subtotal, Thermal and mechanical storage..........	3,060	——	3,060	-115	2,945
101810	C. Program direction - CE..........................	340	——	340	-13	327
101820	Subtotal, Energy storage systems..................	18,100	——	18,100	-678	17,422
101830	(Operating expenses)...............................	(17,900)	——	(17,900)	(-670)	(17,230)
101840	(Capital equipment)...............................	(200)	——	(200)	(-8)	(192)
101850	TOTAL, ELECTRIC ENERGY SYSTEMS AND STORAGE............	30,100	——	30,100	-1,130	28,970
101860	(Operating expenses)..................................	(29,900)	——	(29,900)	(-1,122)	(28,778)
101870	(Capital equipment)...................................	(200)	——	(200)	(-8)	(192)

RMEDOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 9

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
101880	NUCLEAR					
101890	I. Clinch River Breeder...............................	—	—	—	—	—
101900	II. Improved light water reactor technology					
101910	A. Improved LWR development........................	13,000	—	13,000	-491	12,509
101920	B. Three Mile Island R&D..........................					
101930	Operating expenses..............................	32,300	—	32,300	-1,221	31,079
101940	Capital equipment...............................	—	—	—	—	—
101950	Subtotal, Three Mile Island R&D..................	32,300	—	32,300	-1,221	31,079
101960	Subtotal, Improved light water reactor tech......	45,300	—	45,300	-1,712	43,588
101970	(Operating expenses)............................	(45,300)	— (	45,300)	(-1,712) (	43,588)
101980	(Capital equipment).............................	—	—	—	—	—
101990	III. Advanced convertor reactor technology					
102000	A. Advanced light water reactor (LWR)............	4,750	—	4,750	-180	4,570
102010	B. Advanced high temperature gas reactor (HTGR)					
102020	Operating expenses..............................	31,000	—	31,000	-1,162	29,838
102030	Capital equipment...............................	1,000	—	1,000	-38	962
102040	Subtotal, Advanced high temperature gas reactor (	32,000	—	32,000	-1,200	30,800

RAEDSR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
102050	C. Liquid metal converter reactor					
102060	Operating expenses.............................	70,000	------	70,000	-2,504	67,496
102070	Capital equipment..............................	200	------	200	-8	192
102080	Construction:					
102082	86-N-101 Mods to reactors......................	1,000	------	1,000	-38	962
102084	85-N-600 GPP...................................	------	------	------	------	------
102086	84-N-101 GPP...................................	------	------	------	------	------
102088	79-6-E ETEC mods...............................	------	------	------	------	------
102100	Subtotal, Construction.........................	1,000	------	1,000	-38	962
102110	Subtotal, Liquid metal converter reactor.........	71,200	------	71,200	-2,550	68,650
102120	Subtotal, Advanced converter reactor tech........	107,950	------	107,950	-3,930	104,020
102130	(Operating expenses)........................... (	105,750)	------ (	105,750)	(-3,846)	(101,904)
102140	(Capital equipment)............................ (	1,200)	------ (	1,200)	(-46)	(1,154)
102150	(Construction)................................. (	1,000)	------ (	1,000)	(-38)	(962)

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
102160	IV. Advanced breeder reactor technology					
102170	A. Breeder component technology....................	6,700	—	6,700	-253	6,447
102177	B. Fuel performance and supply....................					
102190	Operating expense..............................	22,900	—	22,900	-835	22,065
102192	Capital equipment..............................	2,000	—	2,000	-76	1,924
102194	Subtotal, Fuel performance and supply............	24,900	—	24,900	-911	23,989
102199	C. Reactor core technology					
102200	Operating expenses..............................	4,900	—	4,900	-185	4,715
102210	Capital equipment..............................	2,320	—	2,320	-88	2,232
102220	Subtotal, Reactor core technology................	7,220	—	7,220	-273	6,947
102230	D. Test facilities					
102240	Operating expenses..............................	98,200	—	98,200	-3,683	94,517
102250	Capital equipment..............................	4,480	—	4,480	-169	4,311
102260	Construction:					
102264	86-N-102 OPP	1,800	—	1,800	-68	1,732
102270	85-N-600 General plant projects...............	—	—	—	—	—
102280	85-N-601 Mods to reactors, var. loc...........	—	—	—	—	—
102290	85-N-602 ANWL, INEL, ID, security upgrades...	—	—	—	—	—
102300	84-N-101 General plant projects...............	—	—	—	—	—
102310	84-N-102 Mods. to reactors.....................	—	—	—	—	—
102320	83-N-330 Safeguards & sec.					
102330	Assess. imp., ANL,INEL,Id......................	—	—	—	—	—
102340	83-N-331 OPP....................................	—	—	—	—	—
102350	83-N-332 Mods. to reac.,bar. var. loc.........	—	—	—	—	—
102360	82-N-312 General plant projects...............	—	—	—	—	—
102370	82-N-310 Modifications to reactors............	—	—	—	—	—

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
102380	78-6-C Safety research experimental facility,					
102390	INEL, Idaho (A-E, Long-lead procurement and					
102400	limited construction only)....................	——	——	——	——	——
102410	78-6-E Liquid metal engineering center					
102420	modifications, liquid metal engineering					
102430	center, Santa Susana, California (A-E and					
102440	long-lead procurement only)..................	——	——	——	——	——
102450	78-6-F Fuels & materials examination					
102460	facility, richland, WA.......................	——	——	——	——	——
102470	Prior year projects..........................	——	——	——	——	——
102480	Subtotal, Construction.......................	1,800	——	1,800	-68	1,732
102490	Subtotal, Test facilities....................	104,480	-----	104,480	-3,920	100,560
102500	E. Nuclear fuel cycle					
102510	Operating expenses...........................	16,500	——	16,500	-624	15,876
102520	Capital equipment............................	——	——	——	——	——
102530	Subtotal, Nuclear fuel cycle.................	16,500	——	16,500	-624	15,876
102540	Subtotal, Advanced breeder reactor technology....	159,000	——	159,000	-5,981	153,019
102550	(Operating expenses).........................	(149,200)	——	(149,200)	(-5,580)	(143,620)
102560	(Capital equipment)..........................	(8,000)	——	(8,000)	(-333)	(7,667)
102570	(Construction)...............................	(1,800)	——	(1,800)	(-68)	(1,732)
102580 V.	Water cooled breeder reactor technology					
102590	A. Defueling.................................	5,100	——	5,100	-193	4,907
102600	B. Core evaluation...........................	14,600	——	14,600	-552	14,048
102610	Subtotal, Water cooled breeder reactor tech......	19,700	-----	19,700	-745	18,955

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
102620	VI. Civilian reactor development					
102630	A. Reactor development generic support...........	2,625	——	2,625	-99	2,526
102640	B. Safeguards and security					
102650	Operating expenses............................	5,750	——	5,750	-217	5,533
102660	Capital equipment.............................	——	——	——	——	——
102670	Construction:					
102672	85-N-602 ANL-WEST Phys. security upgrade.....	900	——	900	-34	866
102674	83-N-334 Safeguards & security improvements..	——	——	——	——	——
102690	Subtotal, Construction........................	900	——	900	-34	866
102700	Subtotal, Safeguards and security................	6,650	——	6,650	-251	6,399
102705	C. Reduced enrichment res. and test reactors.....	5,200	——	5,200	-197	5,003
102710	D. Program direction.............................	7,400	——	7,400	-280	7,120
102720	Subtotal, Civilian reactor development...........	21,875	——	21,875	-827	21,048
102730	(Operating expenses)..................................	(20,975)	——	(20,975)	(-793)	(20,182)
102740	(Capital equipment)...................................	——	——	——	——	——
102750	(Construction)..	(900)	——	(900)	(-34)	(866)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
102760	VII. Advanced nuclear systems					
102770	A. Space and special applications					
102780	Operating expenses.............................	20,455	——	20,455	-773	19,682
102790	Capital equipment..............................	1,700	——	1,700	-64	1,636
102800	Subtotal, Space and special applications.........	22,155	——	22,155	-837	21,318
102810	B. Advanced systems evaluations					
102820	Operating expenses.............................	——	——	——	——	——
102830	Capital equipment..............................	——	——	——	——	——
102840	Subtotal, Advanced systems evaluations...........	——	——	——	——	——
102850	C. Program direction - NE.........................	945	——	945	-32	913
102860	Subtotal, Advanced nuclear systems................	23,000	——	23,000	-869	22,131
102870	(Operating expenses).............................	(21,300)	——	(21,300)	(-805)	(20,495)
102880	(Capital equipment).............................	(1,700)	——	(1,700)	(-64)	(1,636)

PRECON
17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	O-R-M BASELINE	O-R-M REDUCTION	FY 1996 POST O-R-M
103040	VIII. Nuclear waste technology					
103060	1. Low level waste					
103070	Operating expenses..........................	4,650	———	4,650	-176	4,474
103080	Capital equipment..........................	100	———	100	-4	96
103130	Subtotal, Low level waste......................	4,750	———	4,750	-180	4,570
103140	2. Waste treatment technology					
103150	Operating expenses..........................	6,000	———	6,000	-227	5,773
103160	Capital equipment..........................	450	———	450	-17	433
103170	Construction:					
103180	93-N-335 GPP..............................	———	———	———	———	———
103210	Subtotal, Waste treatment technology..........	6,450	———	6,450	-244	6,206
103215	3. Civilian byproducts and beneficial uses....	5,000	———	5,000	-189	4,811
103230	4. Program direction - OE.....................	500	———	500	-19	481
103250	Subtotal, Nuclear waste technology...............	16,700	———	16,700	-632	16,068
103260	(Operating expenses)..............................	(16,150)	———	(16,150)	(-611)	(15,539)
103270	(Capital equipment).............................	(550)	———	(550)	(-21)	(529)
103280	(Construction).............................	———	———	———	———	———

RWEDOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
103385	OFFICE OF CIVILIAN RADIOACTIVE WASTE MANAGEMENT					
103390	II. Civilian waste R&D					
103400	A. Spent Fuel Storage R & D					
103430	Operating expenses...........................	7,800	——	7,800	-294	7,506
103440	Capital equipment...........................	1,100	——	1,100	-42	1,058
103470	79-1-P AFR FAC.	——	——	——	——	——
103500	Subtotal, Spent fuel storage R & D...............	8,900	——	8,900	-336	8,564
103510	B. Alternative disposal concepts					
103530	Operating expenses...........................	5,500	——	5,500	-208	5,292
103540	Capital equipment...........................	2,000	——	2,000	-75	1,925
103570	Subtotal, Alternative disposal concepts..........	7,500	——	7,500	-283	7,217
103590	C. Generic methods & supporting studies					
103610	Operating expenses...........................	——	——	——	——	——
103640	Subtotal, Generic methods & supporting concepts.	——	——	——	——	——
103660	D. Low level waste site transfer...................	——	——	——	——	——
103670	E. Program direction................................	325	——	325	-12	313
103760	Subtotal, Civilian waste R&D......................	16,725	——	16,725	-631	16,094
103770	(Operating expenses)................................	(13,625)	——	(13,625)	(-514)	(13,111)
103780	(Capital equipment)................................	(3,100)	——	(3,100)	(-117)	(2,983)
103790	(Construction)................................	——	——	——	——	——

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
104400	E. Remedial actions					
104410 104420	1. Management of surplus radioactivity contaminated DOE facilities					
104440	Operating expenses	41,350	—	41,350	-1,563	39,787
104450	Capital equipment	150	—	150	-6	144
104460	Construction:					
104470	84-D-106 Shippingport D & D	—	—	—	—	—
104480	Prior year projects	—	—	—	—	—
104490	Subtotal, Construction	—	—	—	—	—
104500 104510	Subtotal, Management, of surplus radioactivity contaminated DOE facilities	41,500	—	41,500	-1,569	39,931
104520 104530	2. Formerly utilized sites remedial action program					
104540	Operating expenses	19,500	—	19,500	-737	18,763
104550	Capital equipment	200	—	200	-8	192
104560 104570	Subtotal, Formerly utilized sites remedial action program	19,700	—	19,700	-745	18,955
104580	3. Grand Junction remedial action OE	900	—	900	-36	864
104590 104600	4. Uranium program mill tailings remedial action program					
104610	Operating expenses	94,000	—	94,000	-3,553	90,447
104620	Capital equipment	1,000	—	1,000	-38	962
104630 104640	Subtotal, Uranium program mill tailings remedial action program	95,000	—	95,000	-3,591	91,409

PHEDOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 10

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
104650	5. West Valley					
104660	Operating expenses..........................	64,000	------	64,000	-2,419	61,581
104670	Capital equipment..........................	------	------	------	------	------
104680	Construction:					
104690	82-N-327 West Valley demo. project					
104700	West Valley, N.Y..........................	------	------	------	------	------
104720	Subtotal, West Valley..........................	64,000	------	64,000	-2,419	61,581
104740	6. University Program..........................	------	------	------	------	------
104750	7. Program direction - NE..........................	1,400	------	1,400	-53	1,347
104760	Subtotal, Remedial actions..........................	222,500	------	222,500	-8,411	214,089
104780	(Operating expenses)..........................	(221,150)	------	(221,150)	(-8,359)	(212,791)
104790	(Capital equipment)..........................	(1,350)	------	(1,350)	(-52)	(1,298)
104800	(Construction)..........................	------	------	------	------	------

[illegible]

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 19

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
100002	II. Defense nuclear energy					
100003	A. Space reactor project					
100004	Operating Expenses	12,610	———	12,610	-477	12,133
100005	Construction:					
100006	86-N-105 SP-100 facility modification,					
100007	site undetermined	2,000	———	2,000	-76	1,924
100008	Subtotal, Construction	2,000	———	2,000	-76	1,924
100009	Subtotal, Space reactor project	14,610	———	14,610	-553	14,057
100010	B. Strategic defense initiatives	———	———	———	———	———
100011	C. Terrestrial applications	2,500	———	2,500	-94	2,406
100012	D. Program direction	390	———	390	-15	375
100013	E. Capital equipment	2,000	———	2,000	-76	1,924
100014	Subtotal, Defense nuclear energy	19,500	———	19,500	-738	18,762
100015	(Operating expenses)	(15,500)	———	(15,500)	(-586)	(14,914)
100016	(Capital equipment)	(2,000)	———	(2,000)	(-76)	(1,924)
100017	(Construction)	(2,000)	———	(2,000)	(-76)	(1,924)
100019	TOTAL, NUCLEAR............................	653,050	———	653,050	-24,476	628,574
100020	(Operating expenses)............................	(628,650)	———	(628,650)	(-23,551)	(605,099)
100030	(Capital equipment)............................	(18,700)	———	(18,700)	(-709)	(17,991)
100040	(Construction)............................	(5,700)	———	(5,700)	(-216)	(5,484)

PREGOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

PAGE 20

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
104850	ENVIRONMENT, SAFETY AND HEALTH					
104880	I. Environment, safety and health					
104890	Operating expenses..........................	38,066	—	38,066	-1,437	36,629
104900	Capital equipment...........................	1,500	—	1,500	-57	1,443
104910	Construction:					
104930	Subtotal, Environment, safety and health......	39,566	—	39,566	-1,494	38,072
104934	Addback of proposed rescission................	—	—	—	—	—
104940	Total, Environment safety and health...........	39,566	—	39,566	-1,494	38,072
104941	LIQUIFIED GASEOUS SPILL TEST FACILITY					
104942	I. Spill test facility					
104943	Operating expenses..............................	1,800	—	1,800	-68	1,732
104944	Capital equipment...............................	—	—	—	—	—
104945	Construction....................................	—	—	—	—	—
104946	Total, Spill test facility..........................	1,800	—	1,800	-68	1,732

RWECOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

PAGE 21

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
104950	ENVIRONMENT R & D					
104960	I. Biological and Environment Research					
104970	Operating expenses..........................	173,700	——	173,700	-6,528	167,172
104980	Capital equipment..........................	7,750	——	7,750	-293	7,457
104990	Construction:					
104995	General reduction..........................	——	——	——	——	——
105000	86-R-120 GPP................................	3,250	——	3,250	-123	3,127
105010	86-R-121 Mods to biomed & environ. res. fac..	——	——	——	——	——
105020	85-R-800 GPP...............................	——	——	——	——	——
105030	84-ER-133 General plant projects..........	——	——	——	——	——
105050	84-ER-134 Mods & additions................	——	——	——	——	——
105060	83-E-306 General plant projects...........	——	——	——	——	——
105070	82-GPP-1 General plant projects...........	——	——	——	——	——
105080 105090 105100	82-V-305 Modifications and additions to biomedical and environmental research facilities, various locations............	——	——	——	——	——
105110	81-E-305 General plant projects..........	——	——	——	——	——
105120 105130 105140	81-E-306 Modifications and additions to biomedical and environmental research facilities, various locations............	——	——	——	——	——
105200	Prior year projects.......................	——	——	——	——	——
105210	Subtotal, Construction.....................	3,250	——	3,250	-123	3,127
105220	Subtotal, Biological and environ. research....	184,700	——	184,700	-6,944	177,756
105230	II. Program direction - OE...........................					
105250	A. Bio and env. research - PD................	3,600	——	3,600	-127	3,473
105260	Subtotal, Program direction - OE..............	3,600	——	3,600	-127	3,473
105280	Total, Environment R & D..............................	188,300	——	188,300	-7,071	181,229

RHEDOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 22

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
105290	(Operating expenses)................................	(177,300)	----- (	177,300)	(-6,655)	(170,645)
105300	(Capital equipment)................................	(7,750)	----- (	7,750)	(-293)	(7,457)
105310	(Construction)................................	(3,250)	----- (	3,250)	(-123)	(3,127)
105380	FUSION					
105390	I. Magnetic Fusion					
105400	A. Confinement systems					
105410	Operating expenses................................	184,900	-----	184,900	-6,805	178,095
105420	Capital equipment................................	15,100	-----	15,100	-571	14,529
105430	Construction:					
105470	80-MF-3 EBT Proof of principal exp............	-----	-----	-----	-----	-----
105490	Prior year projects............................	-----	-----	-----	-----	-----
105500	Subtotal, Construction............................	-----	-----	-----	-----	-----
105510	Subtotal, Confinement systems......................	200,000	-----	200,000	-7,376	192,624
105520	B. Development and technology					
105530	Operating expenses................................	62,500	-----	62,500	-2,268	60,232
105540	Capital equipment................................	5,000	-----	5,000	-170	4,830
105550	Construction:					
105560	80-MF-4 Large coil test and test fac.	-----	-----	-----	-----	-----
105590	Subtotal, Development and technology.............	67,500	-----	67,500	-2,438	65,062

PAEDOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

PAGE 23

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
105590	C. Applied plasma physics					
105600	Operating expenses...........................	78,100	——	78,100	-2,894	75,206
105610	Capital equipment...........................	6,400	——	6,400	-221	6,179
105640	Subtotal, Applied plasma physics.................	84,500	——	84,500	-3,115	81,385
105650	D. Planning and projects					
105660	Operating expenses...........................	16,900	——	16,900	-639	16,261
105670	Capital equipment...........................	3,950	——	3,950	-149	3,801
105680	Construction:					
105690	86-R- GPP.................................	9,100	——	9,100	-344	8,764
105700	85-GPP.................................	——	——	——	——	——
105710	84-GPP General plant projects.................	——	——	——	——	——
105720	83-GPP General plant projects.................	——	——	——	——	——
105730	Prior year GPP general plant project..........	——	——	——	——	——
105740	78-3-A Mirror fusion test facility...........	4,042	——	4,042	-153	3,889
105750 105760	76-5-A Tokamak fusion test reactor Princeton plasma physics lab, NJ............	——	——	——	——	——
105770 105780	78-3-B Fusion materials irradiation test facility, Hanford engineering lab:WA.........	——	——	——	——	——
105790	Prior year projects..........................	——	——	——	——	——
105800	Subtotal, Construction........................	13,150	——	13,150	-497	12,653
105810	Subtotal, Planning and projects.................	34,000	——	34,000	-1,285	32,715
105820	E. Center for magnetic fusion energy - OE........	——	——	——	——	——
105830	F. Program direction - OE........................	4,000	——	4,000	-144	3,856
105840	G. General reduction (MF)........................	-8,000	——	-8,000	——	-8,000
105860	Total, Fusion................................	382,000	——	382,000	-14,358	367,642
105870	(Operating expenses)...........................	(338,400)	——	(338,400)	(-12,750)	(325,650)
105880	(Capital equipment)...........................	(30,450)	——	(30,450)	(-1,111)	(29,339)
105890	(Construction)...........................	(13,150)	——	(13,150)	(-497)	(12,653)

RWEDDR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 24

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
105910	SUPPORTING RESEARCH AND TECHNICAL ANALYSIS					
105920	I. Basic energy sciences					
105930	A. Nuclear sciences					
105940	Operating expenses	43,338	———	43,338	-1,628	41,710
105950	Capital equipment	2,754	———	2,754	-97	2,657
105960	Construction:					
105980	86-R-401 A I P	1,200	———	1,200	-45	1,155
105984	86-R-400 GPP	100	———	100	-4	96
105990	85-ER-401 AIP	———	———	———	———	———
106000	84-ER-141 A I P	———	———	———	———	———
106010	Subtotal, Nuclear sciences	47,392	———	47,392	-1,774	45,618

RAEDER
17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

PAGE 25

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	O-R-M BASELINE	O-R-M REDUCTION	FY 1996 POST O-R-M
106020	B. Materials sciences					
106030	Operating expenses............................	140,496	———	140,496	-5,273	135,223
106040	Capital equipment............................	12,450	———	12,450	-471	11,979
106050	Construction:					
106055	96-R-390 Atlanta Univ. center for science	4,500	———	4,500	-170	4,330
106060	96-R-401 OPP................................	1,795	———	1,795	-68	1,727
106070	96-R-402 CP-5 (ANL)..........................	———	———	———	———	———
106075	96-R-111 LASL................................	———	———	———	———	———
106080	95-ER-401....................................	———	———	———	———	———
106090	95-ER-402 Neutron scattering exp. halls......	———	———	———	———	———
106095	95-ER-133 Advanced Science Center, U of Oreg	8,500	———	8,500	-321	8,179
106100	94-ER-111 N S L S............................	7,200	———	7,200	-272	6,928
106110	94-ER-112 Center for advanced material.......	11,440	———	11,440	-432	11,008
106120	94-ER-113 SSRL enhancement...................	2,560	———	2,560	-97	2,463
106130	94-ER-114 Vitreous state laboratory..........	———	———	———	———	———
106140	94-ER-115 Natl center for chemical research..	8,000	———	8,000	-302	7,698
106160	94-ER-141 A I P..............................	———	———	———	———	———
106170	94-ER-142 General plant projects.............	———	———	———	———	———
106180	93-E-301 Improvs. to weapons					
106190	Neutron res. fac., LASL, N.M.................	———	———	———	———	———
106220	93-E-303 OPP, var. loc.......................	———	———	———	———	———
106230	92-E-321 Acc. improvement mods...............	———	———	———	———	———
106240	92-E-320 General plant projects..............	———	———	———	———	———
106260	91-E-301 General plant projects	———	———	———	———	———
106320	Prior year projects..........................	———	———	———	———	———
106330	Subtotal, Construction.......................	43,995	———	43,995	-1,662	42,333
106340	Subtotal, Materials sciences.................	196,941	———	196,941	-7,406	189,535

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
106350	C. Chemical sciences					
106360	Operating expenses..............................	81,495	——	81,495	-3,067	78,428
106370	Capital equipment..............................	8,840	——	8,840	-334	8,506
106380	Construction:					
106390	86-R-400 GPP..................................	3,930	——	3,930	-149	3,781
106400	86-R-403 SRF, PHASE II........................	——	——	——	——	——
106410	85-ER-AIP.....................................	——	——	——	——	——
106420	85-ER-400 GPP.................................	——	——	——	——	——
106430	85-ER-403 Kansas State Univ...................	1,900	——	1,900	-72	1,828
106440	84-ER-141 A I P...............................	——	——	——	——	——
106450	84-ER-142 General plant projects..............	——	——	——	——	——
106460	83-E-302......................................	——	——	——	——	——
106470	81-E-306 Acc. imp. & mods. ORNL...............	——	——	——	——	——
106480	80-ES-10 Chemical sciences, LBL, Berkeley,					
106490	California....................................	——	——	——	——	——
106500	Prior year projects...........................	——	——	——	——	——
106510	Subtotal, Construction........................	5,830	——	5,830	-221	5,609
106520	Subtotal, Chemical sciences.......................	96,165	——	96,165	-3,622	92,543
106525	D. Applied mathematical sciences					
106530	Operating expenses..............................	39,520	——	39,520	-1,490	38,030
106535	Capital equipment..............................	1,070	——	1,070	-40	1,030
106536	Construction:					
106537	85-ER- Demo Ctr for Info Tech	5,000	——	5,000	-189	4,811
106540	Subtotal, Applied mathematical sciences..........	45,590	——	45,590	-1,719	43,871

PAECOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 27

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
106570	E. Engineering and geosciences					
106580	Operating expenses............................	26,675	------	26,675	-1,004	25,671
106590	Capital equipment............................	1,500	------	1,500	-57	1,443
106592	Construction:					
106594	86-R- Energy and mineral research center........	8,000	------	8,000	-302	7,698
106600	Subtotal, Engineering and geosciences............	36,175	-----	36,175	-1,363	34,812
106610	F. Advanced energy projects					
106620	Operating expenses............................	7,602	------	7,602	-286	7,316
106630	Capital equipment............................	320	------	320	-12	308
106640	Subtotal, Advanced energy projects...............	7,922	-----	7,922	-298	7,624
106650	G. Biological energy research					
106660	Operating expenses............................	12,455	------	12,455	-470	11,985
106670	Capital equipment............................	560	------	560	-20	540
106672	CONSTRUCTION:					
106674	86-R- Center for energy and biomedical tech..	6,000	------	6,000	-227	5,773
106675	Subtotal, Construction................................	6,000	------	6,000	-227	5,773
106680	Subtotal, Biological energy research.............	19,015	------	19,015	-717	18,298
106690	H. Program direction - OE.........................	4,100	------	4,100	-142	3,958
106700	I. Other capital equipment OE.....................	------	------	------	------	------
106710	Subtotal, Basic energy sciences..................	453,300	-----	453,300	-17,041	436,259
106720	(Operating expenses)............................	(355,681)	------	(355,681)	(-13,360)	(342,321)
106730	(Capital equipment)............................	(27,494)	------	(27,494)	(-1,031)	(26,463)
106740	(Construction)............................	(70,125)	------	(70,125)	(-2,650)	(67,475)
106750	II. Energy oversight, research analy. & Univ support					
106760	A. Energy research analysis - OE					
106770	1. Assessment projects..........................	2,700	------	2,700	-102	2,598
106780	2. Advanced technology projects................	------	------	------	------	------
106790	3. Satellite power systems......................	------	------	------	------	------
106800	4. Advanced electric battery development......	------	------	------	------	------
106820	Subtotal, Energy research analysis - OE..........	2,700	------	2,700	-102	2,598

RNEOOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

PAGE 29

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
106830	B. University research support - OE					
106850	1. University institutional agreements.........	-----	-----	-----	-----	-----
106860	2. University reactor fuel assistance..........	3,900	-----	3,900	-147	3,753
106870	3. University laboratory coop. program.........	6,800	-----	6,800	-227	6,573
106880	4. Energy graduate traineeship program.........	-----	-----	-----	-----	-----
106890	5. Energy manpower assessment program..........	450	-----	450	-15	435
106900	6. Education and training......................	550	-----	550	-15	535
106910	7. Visiting scientist program..................	-----	-----	-----	-----	-----
106920	8. Capital equipment...........................	-----	-----	-----	-----	-----
106921	9. General reduction...........................	-1,000	-----	-1,000	-----	-1,000
106922	Subtotal, Operating expenses....................	10,700	-----	10,700	-404	10,296
106930	Construction:					
106940	Graduate research laboratory....................	-----	-----	-----	-----	-----
106950	Subtotal, University research support - OE.......	10,700	-----	10,700	-404	10,296
106960	C. Advisory and oversight - OE....................	2,900	-----	2,900	-196	2,704
106970	D. University research instrumentation...........	6,500	-----	6,500	-246	6,254
106980	Subtotal, Energy oversight, res analy, & Univ sup	22,800	-----	22,800	-858	21,942
106990	(Operating expenses).............................	22,800	-----	22,800	-858	21,942
107000	(Capital equipment).............................	-----	-----	-----	-----	-----

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
107140	III. Multi-program laboratories facilities support					
107145	A. Multi-program general purpose facilities					
107150	Construction:					
107160	86-R-725 Environmental monitoring					
107170	sys upgrade (ORNL)...........................	—	—	—	—	—
107180	86-R-726 Fire protection improvements (BNL)..	500	—	500	-19	481
107190	86-R-727 Upgrade fire protection (ORNL)......	—	—	—	—	—
107200	86-R-728 Water line replacement (ANL)........	—	—	—	—	—
107210	86-R-729 Upgrade steam distribution sys (ORNL	—	—	—	—	—
107220	86-R-731 Renovat Applied Sciences Center (Ame	—	—	—	—	—
107230	86-R-732 Central Research and					
107240	Administration Bldg addition (LBL)...........	—	—	—	—	—
107250	86-R-734 Applied Math Bldg addition (BNL)....	—	—	—	—	—
107260	86-R-736 Electrical sys rehabilitation					
107270	and improvement (LBL).......................	—	—	—	—	—
107280	86-R-738 Electrical sys rehabilitation (ANL).	—	—	—	—	—
107290	86-R-739 Multiprogram Technical					
107300	Support Facility (PL)........................	—	—	—	—	—
107310	86-R-744 Mechanical system rehabilitation (AN	—	—	—	—	—
107330	85-R-701 Central chilled water facility (BNL)	7,100	—	7,100	-268	6,832
107340	85-R-702 Replace laboratory roofs (ANL)......	3,100	—	3,100	-117	2,983
107350	85-R-703 Electrical dist. system restoration	—	—	—	—	—
107360	85-R-704 Rehabilitate underground steam syste	—	—	—	—	—
107370	85-R-705 Electrical & Telecommunication Syste	—	—	—	—	—
107380	85-R-706 Medical facility (LLNL).............	2,800	—	2,800	-106	2,694
107390	85-R-707 Hanford site fire alarm system upgra	1,775	—	1,775	-67	1,708
107400	85-R-709 Central chilled water plant (ANL)...	1,000	—	1,000	-38	962
107410	85-R-710 Utilities restoration piping system	—	—	—	—	—

RNEDOR　　DEPARTMENT OF ENERGY　　ENERGY SUPPLY
FY 1986 BUDGET BY APPROPRIATION
17:19 2/11/86　　(DOLLARS IN THOUSANDS)　　PAGE 39

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
107420	85-N-711 Upgrade envir. monitoring system (OR	2,500	——	2,500	-94	2,406
107430	85-N-712 Central chilled water system restor	1,100	——	1,100	-42	1,058
107440	85-N-713 Replace transportation complex (INEL	——	——	——	——	——
107450	84-EP-101 Rehab. old utilities (LBL).........	——	——	——	——	——
107460 107470	84-EP-102 Cooling water facility, Restor. (ORNL)............................	——	——	——	——	——
107480	84-EP-103 Road repair (various locations)....	3,400	——	3,400	-117	3,283
107490 107500	84-EP-104 Facilities support Projects (various locations)................	——	——	——	——	——
107510	83-E-308 Pwr power sys.INEL,LLNL,ORNL,AL.....	——	——	——	——	——
107520	83-E-309 Electronics fac., ANL...............	——	——	——	——	——
107530	83-E-310 Utility replacements................	——	——	——	——	——
107540	83-E-311 Emergency response center, ORNL.....	——	——	——	——	——
107560	82-E-301 300 area utilities (HEDL)...........	——	——	——	——	——
107570	82-E-302 Security facility (ANL).............	——	——	——	——	——
107580	82-E-305 Traffic safety improvements (HEDL)..	——	——	——	——	——
107590	82-E-306 Railroad modifications (INEL).......	——	——	——	——	——
107600	81-E-308 Energy systems research lab (ORNL)..	——	——	——	——	——
107610	81-E-309 Rehab of gen pwr plant (ANL)........	——	——	——	——	——
107620	81-E-310 Trans & distr system upgrade (AL)...	——	——	——	——	——
107630	81-E-311 Energy sci & tech bldg (PNL)........	——	——	——	——	——
107640	81-E-312 Environment & energy tech fac (PNL).	——	——	——	——	——
107650	81-E-317 Roof replacement (INEL).............	——	——	——	——	——
107660	81-E-318 Upgrade primary substation (ORNL) ..	——	——	——	——	——
107670	81-E-321 Site utilities project (LLL)	——	——	——	——	——
107680	81-E-322 Scoville substation dist sys (INEL).	——	——	——	——	——

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
107690	91-E-323 Fire safety improvements (ANL)	———	———	———	———	———
107700	91-E-324 Fire protection imprvmts (INEL)......	———	———	———	———	———
107710	91-E-325 Energy Technology Lab (Sandia)......	———	———	———	———	———
107720	89-ES-11 Idaho Lab Facility (INEL)...........	750	———	750	-28	722
107730	79-19-A Program support facility.............	———	———	———	———	———
107740	General reduction (MPUF)......................	———	———	———	———	———
107750	Subtotal, Construction........................	24,025	———	24,025	-896	23,129
107760	Subtotal, Multi-program facilities...............	24,025	———	24,025	-896	23,129
107770	(Construction)...............................	(24,025)	———	(24,025)	(-896)	(23,129)
107771	B. Environmental compliance					
107772	Operating expenses..............................	10,000	———	10,000	-393	9,607
107773	Capital equipment...............................	1,000	———	1,000	-38	962
107774	C. CONSTRUCTION:					
107775	96-R-950 GPP....................................	4,000	———	4,000	-151	3,849
107777	96-R-951 Nonradiological process waste treatm	3,000	———	3,000	-113	2,887
107778	Subtotal, Construction..........................	7,000	———	7,000	-264	6,736
107779	Subtotal, Environmental compliance..............	18,000	———	18,000	-695	17,305
107783	Subtotal, Multiprogram laboratories facilities suppo	42,425	———	42,425	-1,591	40,834
107784	(Operating expenses)............................	(10,000)	———	(10,000)	(-393)	(9,607)
107785	(Capital equipment).............................	(1,000)	———	(1,000)	(-38)	(962)
107786	(Construction)...................................	(31,025)	———	(31,025)	(-1,160)	(29,865)
107789	IV. Small business innovation research program.......	———	———	———	———	———
107790	Total, Supporting research and tech. analysis....	510,525	———	510,525	-19,490	491,035
107800	(Operating expenses)............................	(388,881)	———	(388,881)	(-14,611)	(374,270)
107810	(Capital equipment)............................	(20,494)	———	(20,494)	(-1,069)	(19,425)
107820	(Construction).................................	(101,150)	———	(101,150)	(-3,810)	(97,340)

RHEO2R
17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 22

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
107930	POLICY AND MANAGEMENT					
107940	I. Policy and Management					
107950	A. Policy and management - OE - EP................	500	------	500	-3	497
107960	B. Policy and management - OE - NE................	1,800	------	1,800	-68	1,732
107970	C. Policy and management - OE - EP................	------	------	------	------	------
107990	D. Policy and management - CNE....................	1,800	------	1,800	-68	1,732
107994	E. Policy and management - PS&E...................	798	------	798	-30	768
107930	Subtotal, Policy and management...................	4,898	------	4,898	-169	4,729

ENERGR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY
PAGE 33

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
107950	ENERGY APPLICATIONS					
107960	Technical Information & Management Program					
107970	Operating expenses..........................	9,200	------	9,200	-348	8,852
107980	Capital equipment..........................	900	------	900	-30	870
108020	Subtotal, Technical Information & Management Prog	10,000	------	10,000	-378	9,622
108030	II. In-house energy management					
108040	Operating expenses..........................	2,000	------	2,000	-75	1,925
108050	Construction:					
108060	86-A-601 Modification for energy management..	5,000	------	5,000	-189	4,811
108070	86-A-602 Solid waste fired boiler (LANL)....	1,800	------	1,800	-68	1,732
108080	86-A-603 Energy monitoring and control system	1,700	------	1,700	-64	1,636
108090	86-A-604 Waste heat recovery (INL)...........	900	------	900	-34	866
108100	85-A-601 Mods for energy mgmt, various locati	------	------	------	------	------
108110	85-A-602 Fuel storage facility, BNL..........	1,500	------	1,500	-57	1,443
108130	85-A-604 Combustion air preheaters, energy te	1,900	------	1,900	-72	1,828
108150	85-A-606 Cogeneration facility, BNL...... (C	5,300	------	5,300	-200	5,100
108160	84-A-601 Mods for energy					
108170	Mgmt., various locations.....................	------	------	------	------	------
108190	84-A-602 Residual energy applications........	------	------	------	------	------
108290	82-A-602 LASL Hot water distribution.........	------	------	------	------	------
108305	General reduction (In-House)....................	-5,000	------	-5,000	189	-4,811
108500	Subtotal, Construction.........................	13,100	------	13,100	-495	12,605
108520	Subtotal, In-house energy management............	15,100	------	15,100	-570	14,530
108530	(Operating expenses)........................... (	2,000)	------ (	2,000)	(-75) (	1,925)
108540	(Construction)........................... (	13,100)	------ (	13,100)	(-495) (	12,605)

RAEDER

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY SUPPLY

PAGE 38

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
100550	III. Plant engineering and design					
100560	Construction:					
100590	82-C-601 Plant engineering and design........	------	------	------	------	------
100630	Subtotal, Construction.........................	------	------	------	------	------
100640	Subtotal, Plant engineering and design...........	------	------	------	------	------
100650	(Construction).................................	------	------	------	------	------
100660	Subtotal, Energy applications.....................	25,100	------	25,100	-948	24,152
100670	(Operating expenses)............................	(11,200)	------	(11,200)	(-423)	(10,777)
100680	(Capital equipment)............................	(800)	------	(800)	(-30)	(770)
100690	(Construction)............................	(13,100)	------	(13,100)	(-495)	(12,605)
100700	SUBTOTAL, ENERGY SUPPLY RESEARCH AND DEVELOPMENT......	2,029,271	------	2,029,271	-76,208	1,953,063
100710	(Operating expenses)..................................	(1,798,745)	------	(1,798,745)	(-67,553)	(1,731,192)
100720	(Capital equipment).................................	(92,105)	------	(92,105)	(-3,436)	(88,669)
100730	(Construction).................................	(138,421)	------	(138,421)	(-5,219)	(133,202)

PHEIDR — DEPARTMENT OF ENERGY — ENERGY SUPPLY
FY 1986 BUDGET BY APPROPRIATION
17:14 2/11/86 — (DOLLARS IN THOUSANDS) — PAGE 35

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
108700	Adjustments:					
108750	Savings from management initiatives - (ER) ESRD	-5,200	——	-5,200	——	-5,200
108760	Savings from management initiatives -(NE) ESRD	-4,000	——	-4,000	——	-4,000
108770	Savings from management initiatives (FE) ESRD	——	——	——	——	——
108780	Savings from management initiatives - (CE) ESRD	-7,000	——	-7,000	——	-7,000
108790	Savings from management initiatives - (CPW) ESRD	——	——	——	——	——
108830	Savings from management initiatives - (ESH) ESRD	——	——	——	——	——
108875	Savings from management initiatives - (MA) ESRD	——	——	——	——	——
108860	Undistributed - CS (ESRD - PACE)	——	——	——	——	——
109030	Reserve for reimbursables - OE	——	——	——	——	——
109120	Undistributed - CS(ESRD - OE)	——	——	——	——	——
109430	FY83 deferral carried forward	——	——	——	——	——
109432	Addback of proposed rescission	——	——	——	——	——
109450	Use of prior year balances	-17,400	——	-17,400	——	-17,400
109460	Use of PY balances (from OE)	-200,000	——	-200,000	——	-200,000
109470	General reduction	-22,600	——	-22,600	——	-22,600
109480	TOTAL, ENERGY SUPPLY RESEARCH AND DEVELOPMENT	1,772,271	——	1,772,271	-76,208	1,696,063
109490	(Operating expenses)	(1,541,745)	——	(1,541,745)	(-67,553)	(1,474,192)
109500	(Capital equipment)	(92,105)	——	(92,105)	(-3,436)	(88,669)
109510	(Construction)	(138,421)	——	(138,421)	(-5,219)	(133,202)
109520	ENERGY SUPPLY R&D OUTLAYS					
109530	SOLAR AND RENEWABLE ENERGY OUTLAYS	1,892,288	-990,202	902,086	-38,790	1,853,498
109540	NUCLEAR ACTIVITIES	——	——	——	——	——
109550	CIVILIAN WASTE R & D	——	——	——	——	——
109560	ENVIRONMENTAL PROTECTION	——	——	——	——	——
109570	LIQUIFIED GASEOUS SPILL TEST FACILITY	——	——	——	——	——
109580	MAGNETIC FUSION	——	——	——	——	——
109590	OTHER ENERGY RESEARCH OUTLAYS	——	——	——	——	——
109600	MANAGEMENT AND ADMIN. OUTLAYS TO ESRD	——	——	——	——	——
109610	SAVINGS FROM MANAGEMENT INITIATIVES - OUTLAYS	——	——	——	——	——
109620	TOTAL, ENERGY SUPPLY R&D OUTLAYS	1,892,288	-990,202	902,086	-38,790	1,853,498

RAEUOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

URANIUM ENRICH.
PAGE 36

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
150000	URANIUM ENRICHMENT					
150105	I. Uranium enrichment activities					
150110	A. Gaseous diffusion and operations support					
150115	Operating expenses............................	1,084,600	-185,000	899,600	-41,287	1,043,313
150120	Capital equipment............................	14,500	------	14,500	-552	13,948
150121	Construction:					
150122	86-N-501 General plant projects..............	14,000	------	14,000	-533	13,467
150126	85-N-501 General plant projects,var. locs....	------	------	------	------	------
150127	84-N-401 General plant projects..............	------	------	------	------	------
150129	84-N-402 UF6 cylinders.......................	------	------	------	------	------
150131	84-N-403 Intermediate gas removal............	------	------	------	------	------
150133	84-N-404 Power systems protection impr.......	1,200	------	1,200	-46	1,154
150135	84-N-405 Utilities upgrading, Phase III......	2,200	------	2,200	-84	2,116
150241	83-N-401 Rep. of elec. circuit breaker					
150242	Gas dif. plant, Portsmouth, Ohio.............	------	------	------	------	------
150244	83-N-402 Compli. with toxic sub.					
150245	Control act, gas dif. plants.................	------	------	------	------	------
150250	83-N-403 UF6 cylinders storage					
150255	Yards, gas. dif. plants......................	------	------	------	------	------
150260	83-N-404 GPP gas. dif. plants................	------	------	------	------	------
150265	83-N-405 Utilities upgrading,					
150270	Phase II, gas. dif. plant....................	1,800	------	1,800	-69	1,731
150275	82-N-410 GPP.................................	------	------	------	------	------
150280	82-N-411 UF6 Cyl and storage.................	------	------	------	------	------
150285	82-N-412 Cooling tower mods..................	------	------	------	------	------
150290	82-N-413 PMP UF6 containment.................	------	------	------	------	------
150295	82-N-414 Purge and withdraw mod..............	------	------	------	------	------
150300	82-N-415 Fire alarm sys rep..................	------	------	------	------	------

PMEDGR

17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

URANIUM ENRICH.

PAGE 37

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	O-R-M BASELINE	O-R-M REDUCTION	FY 1996 POST O-R-M
150305	82-R-416 Env/safety mods......................	------	------	------	------	------
150310	82-R-417 Air dist sys upgrade.................	------	------	------	------	------
150315	81-R-501 General plant projects..............	------	------	------	------	------
150320 150325	81-R-502 UF-6 Cylinders and storage yards, gaseous diffusion plants..............	------	------	------	------	------
150330	81-R-503 Utilities upgrading, GDP's..........	------	------	------	------	------
150335 150340 150345	81-R-504 Supervisory control and data acquis. systems, Paducah, Ken and Portsmouth, Ohio Gaseous diffusion plants......................	------	------	------	------	------
150350 150355	81-R-505 Instrumentation for purge cascades & withdrawal areas, gaseous diffusion plants...	------	------	------	------	------
150360 150365	81-R-506 Environmental protection and safety improvements, Phase I GDP's.................	------	------	------	------	------
150370	80-UE-1 Control of gaseous effluents GDPs....	------	------	------	------	------
150375	80-UE-2 Control of water pollution, GDP's....	------	------	------	------	------
150380	80-UE-3 Plant facilities security improvement	------	------	------	------	------
150385	80-UE-4 Power recovery dome cells, GDP's.....	------	------	------	------	------
150390	80-UE-5 Motor and switchgear upgrading, GDP's	------	------	------	------	------
150395	80-UE-6 Tails cylinders GDPs.................	------	------	------	------	------
150405 150425	71-1-F Process equipment modifications, Gaseous diffusion plants......................	------	------	------	------	------
150426 150427 150429	Funds for Environmental projects 82-R-416 and not approved for use under the continuing resolution agreement with congress...........	------	------	------	------	------
150430	Prior year projects..........................	------	------	------	------	------
150435	Subtotal, Construction...........................	19,200	------	19,200	-732	18,468
150500	Subtotal, Gaseous diffusion operations and suppo	1,118,300	-185,000	933,300	-42,571	1,075,729

MAE00R

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 30

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
150502	B. Enrichment research and development					
150505	1. Gas centrifuge operations and support					
150510	Operating expenses..............................	18,000	———	18,000	-685	17,315
150515	Capital equipment..............................	———	———	———	———	———
150520	Construction:					
150605	82-R-410 Advanced test facility..............	———	———	———	———	———
150606	Subtotal, Gas Centrifuge..........................	18,000	———	18,000	-685	17,315
150607	2. Atomic vapor laser isotope separation					
150608	Operating expenses..............................	114,000	———	114,000	-4,340	109,660
150609	Capital equipment..............................	15,000	———	15,000	-571	14,429
150611	85-N-501 General plant projects, var. locs...	3,000	———	3,000	-114	2,886
150612	86-N-406 General plant projects..............	———	———	———	———	———
150613	86-N-407 Development & demonstration					
150614	Module (design only).........................	———	———	———	———	———
150615	83-N-404 OPP..................................	———	———	———	———	———
150616	Subtotal, Construction..........................	3,000	———	3,000	-114	2,886
150617	Subtotal, Atomic vapor laser isotope separation	132,000	———	132,000	-5,025	126,975
150618	Total, Enrichment R&D............................	150,000	———	150,000	-5,710	144,290

PAEDOR

17:18 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
150619	C. Gas centrifuge enrichment plant					
150620	Operating expenses..............................	———	———	———	———	———
150621	Capital equipment..............................	———	———	———	———	———
150622	Construction:					
150623	76-8-6 Enriched Uranium production facility,					
150635	Portsmouth, OH..............................	340,000	———	340,000	-12,943	327,057
150642	Subtotal, Construction........................	340,000	———	340,000	-12,943	327,057
150700	Total, Gas centrifuge enrichment plant...........	340,000	———	340,000	-12,943	327,057
150855	D. Program direction - OE......................	4,400	———	4,400	-167	4,233
150856	E. Advanced Tech. activities reserve............	———	———	———	———	———
150857	General reduction - OE..........................	———	———	———	———	———
150858	General reduction - CONST......................	———	———	———	———	———
150860	Subtotal, Uranium enrichment activities..........	1,612,700	-185,000	1,427,700	-61,391	1,551,309
150865	(Operating expenses)............................	(1,221,000)	(-185,000)	(1,036,000)	(-46,479)	(1,174,521)
150870	(Capital equipment)............................	(29,500)	———	(29,500)	(-1,123)	(28,377)
150875	(Construction)............................	(362,200)	———	(362,200)	(-13,789)	(348,411)

RAE99R

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

URANIUM ENRICH.

PAGE 40

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
150990	II. Uranium resource assessment					
150995	A. Assessment program					
150990	Operating expenses............................	—	—	—	—	—
150995	Capital equipment.............................	—	—	—	—	—
150990	Construction:					
150960	83-N-404 UPP, Grand Junction................	—	—	—	—	—
151000	Subtotal, Assessment Program..................	—	—	—	—	—
151005	B. Program direction - OE.....................	—	—	—	—	—
151010	Subtotal, Uranium resource assessment.........	—	—	—	—	—
151015	(Operating expenses)..........................	—	—	—	—	—
151020	(Capital equipment).........................	—	—	—	—	—
151025	(Construction).........................	—	—	—	—	—
151027	Total, Uranium enrichment.....................	1,612,700	-185,000	1,427,700	-61,391	1,366,309

PREXOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

URANIUM ENRICH.

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST-G-R-H
151030	III. Offsetting revenues					
151035	Operating expenses..............................	-1,360,600	——	-1,360,600	——	-1,360,600
151040	Capital equipment..............................	——	——	——	——	——
151045	Construction..................................	——	——	——	——	——
151050	Subtotal, Total revenues..........................	-1,360,600	——	-1,360,600	——	-1,360,600
151053	Addback of proposed rescission-(NE/NE.................	——	——	——	——	——
151055	SUBTOTAL, URANIUM ENRICHMENT.........................	252,100	-185,000	67,100	-61,391	190,709
151060	(Operating expenses)................................	(-139,600)	(-185,000)	(-324,600)	(-46,479)	(-186,079)
151065	(Capital equipment)................................	(29,500)	——	(29,500)	(-1,123)	(28,377)
151070	(Construction).....................................	(362,200)	——	(362,200)	(-13,789)	(348,411)
151135	TOTAL, URANIUM ENRICHMENT..............................	252,100	-185,000	67,100	-61,391	190,709
151140	(Operating expenses)................................	(-139,600)	(-185,000)	(-324,600)	(-46,479)	(-186,079)
151145	(Capital equipment)................................	(29,500)	——	(29,500)	(-1,123)	(28,377)
151150	(Construction).....................................	(362,200)	——	(362,200)	(-13,789)	(348,411)
159920	URANIUM ENRICHMENT OUTLAYS					
159930	URANIUM ENRICHMENT ACTIVITIES..........................	-95,600	——	-95,600	——	-95,600
159980	TOTAL, URANIUM ENRICHMENT OUTLAYS......................	-95,600	——	-95,600	——	-95,600

PHEOOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
200100	GENERAL SCIENCE AND RESEARCH					
200170	I. High energy physics					
200175	A. Physics research					
200180	Operating expenses............................	111,300	———	111,300	-4,772	106,528
200195	B. Facility operations					
200200	Operating expenses............................	187,990	———	187,990	-7,995	179,995
200205	Capital equipment.............................	69,200	———	69,200	-2,950	66,250
200206	Construction:					
200215	86-R-102 AIP..................................	10,500	———	10,500	-448	10,052
200216	86-R-103 GPP..................................	10,400	———	10,400	-443	9,957
200217	86-R-104 Central computer (FERMI)............	3,100	———	3,100	-132	2,968
200218	86-R-105 AGS proton-heavy ION accumulator bo	———	———	———	-85	-85
200219	85-R-100 AIP..................................	———	———	———	———	———
200220	85-R-101 GPP..............................	———	———	———	———	———
200221	84-ER-131 AIP.................................	———	———	———	———	———
200222	84-ER-132 GPP.................................	———	———	———	———	———
200223	84-ER-133 SLAC linear collider (SLC).........	22,900	———	22,900	-976	21,924
200224	83-E-200 AIP..................................	———	———	———	———	———
200225	83-E-205 GPP..................................	———	———	———	———	———
200230	82-E-204 General plant projects..............	———	———	———	———	———
200235	82-E-205 Acc improv. mods.....................	———	———	———	———	———
200240	82-E-206 Tevatron II..........................	———	———	———	———	———
200245	81-E-210 Tevatron I...........................	8,600	———	8,600	-367	8,233
200275 200280	79-9-d Energy saver, fermi national lab Batavia IL.....................................	———	———	———	———	———
200285 200295	78-10-d Intersecting storage accelerator (Isabelle) Brookhaven national lab, NY.......	———	———	———	———	———

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
200297	75-A-C Positron electron joint project.......	——	——	——	——	——
200300	Prior year projects..........................	——	——	——	——	——
200330	Subtotal, Construction.......................	55,500	——	55,500	-2,451	53,049
200335	Subtotal, Facility operations................	312,500	——	312,500	-13,206	299,294
200340	C. High energy technology					
200345	Operating expenses...........................	92,400	——	92,400	-3,938	88,462
200363	D. Other capital equipment - CE..............	3,900	——	3,900	-166	3,734
200365	Subtotal, High energy physics................	520,100	——	520,100	-22,042	498,058
200370	(Operating expenses).........................	(391,500)	——	(391,500)	(-16,475)	(375,025)
200375	(Capital equipment).........................	(73,100)	——	(73,100)	(-3,116)	(69,984)
200380	(Construction).............................	(55,500)	——	(55,500)	(-2,451)	(53,049)
200400	II. Nuclear physics					
200405	A. Medium energy physics					
200410	Operating expenses...........................	76,450	——	76,450	-3,259	73,191
200505	B. Heavy ion physics					
200510	Operating expenses...........................	52,650	——	52,650	-2,235	50,415
200630	Subtotal, Heavy ion physics..................	52,650	——	52,650	-2,235	50,415
200640	C. Low energy nuclear physics					
200645	Operating expenses...........................	13,400	——	13,400	-538	12,862

RNEDOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

GENERAL SCIENCE

PAGE 46

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
299646	D. Nuclear theory					
299647	Operating expenses..............................	9,400	——	9,400	-401	8,999
299648	E. Capital equipment............................	13,200	——	13,200	-563	12,637
299649	F. Construction:					
299654	86-R-AIP..	3,500	——	3,500	-149	3,351
299655	86-R-GPP..	3,500	——	3,500	-149	3,351
299656	85-R-200 AIP....................................	——	——	——	——	——
299657	85-R-201 GPP....................................	——	——	——	——	——
299658	85-R-203 Continuous elect. beam accelerator..	——	——	——	——	——
299659	84-ER-110 Univ Accel upgrade.................	——	——	——	——	——
299660	84-ER-121 AIP...................................	——	——	——	——	——
299661	84-ER-122 GPP...................................	——	——	——	——	——
299662	840-R-123 Tandem/AGS Heavy Ion transfer lines	——	——	——	——	——
299664	83-E-201 AIP....................................	——	——	——	——	——
299665	83-E-202 GPP....................................	——	——	——	——	——
299666	82-E-223 Argonne tandem acc sys - ATLAS......	——	——	——	——	——
299669	Prior year projects.............................	——	——	——	——	——
299679	Subtotal Construction...........................	7,000	——	7,000	-298	6,702
299678	G. Other capital equipment - CE.................	800	——	800	-34	766
299680	Subtotal, Nuclear physics.......................	172,900	——	172,900	-7,328	165,572
299690	(Operating expenses)............................	(151,900)	——	(151,900)	(-6,433)	(145,467)
299695	(Capital equipment)............................	(14,000)	——	(14,000)	(-597)	(13,403)
299700	(Construction).................................	(7,000)	——	(7,000)	(-298)	(6,702)

[illegible]
17:24 2/01/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

GENERAL SCIENCE
PAGE #5

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	C-R-R BASELINE	C-R-R REDUCTION	FY 1996 POST C-R-R
200730	III. General Science program direction - OE............	2,400	------	2,400	-102	2,298
200740	SUBTOTAL, GENERAL SCIENCE AND RESEARCH..................	695,000	------	695,000	-29,472	665,528
200750	(Operating expenses).....................................	(545,400)	------ (	545,400)	(-23,010) (	522,390)
200760	(Capital equipment).....................................	(87,100)	------ (	87,100)	(-3,713) (	83,387)
200770	(Construction)..	(62,500)	------ (	62,500)	(-2,749) (	59,751)
200800	Adjustments:					
200801	Transfer of appropriation................................	-6,000	------	-6,000	------	-6,000
200802	ARP General reduction....................................	------	------	------	------	------
200810	Unobligated balance transferred from ESPD - OP105-OE).	------	------	------	------	------
200811	General reduction..	-4,000	------	-4,000	------	-4,000
200812	Addback of proposed of rescission........................	------	------	------	------	------
200846	Savings from FY94 initiatives............................	------	------	------	------	------
200847	LESS: General reductions.................................	------	------	------	------	------
200850	Total, Adjustments.......................................	-10,000	------	-10,000	------	-10,000
200855	TOTAL, GENERAL SCIENCE AND RESEARCH......................	685,000	------	685,000	-29,472	655,528
200860	(Operating expenses).....................................	(535,400)	------ (	535,400)	(-23,010) (	512,390)
200875	(Capital equipment).....................................	(87,100)	------ (	87,100)	(-3,713) (	83,387)
200880	(Construction)..	(62,500)	------ (	62,500)	(-2,749) (	59,751)
200920	GENERAL SCIENCE OUTLAYS					
200930	GENERAL SCIENCE OUTLAYS..................................	699,183	-187,650	511,533	-21,996	677,187
200940	TOTAL, GENERAL SCIENCE OUTLAYS...........................	699,183	-187,650	511,533	-21,996	677,187

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
250000	ATOMIC ENERGY DEFENSE ACTIVITIES					
250010	I. Weapons activities					
250020	A. Research and development					
250030	1. Research and development					
250040	Operating expenses	840,300	------	840,300	-43,376	796,924
250060	Capital equipment	86,450	------	86,450	-3,538	82,912
250070	Construction					
250080 250090	86-D-101 General plant projects, various locations	20,200	------	20,200	-400	19,800
250100 250110 250120	86-D-102 Nuclear weapons research, development, and testing facs revitalization, Phase III, various locations	------	------	------	------	------
250122 250123	86-D-103 Decontamination and waste treatment facility, LLNL	3,700	------	3,700	-100	3,600
250125	86-D-104 Strategic defenses facility, SNLA	2,000	------	2,000	------	2,000
250127	86-D-105 Instrumentation systems Lab, SNLA	3,100	------	3,100	------	3,100
250129	86-D-106 Environmental remedial action, LLNL	------	------	------	------	------
250130	86-D-107 Data communication center, LANL	1,000	------	1,000	------	1,000
250135 250140	85-D-101 General plant projects, various locations	------	------	------	------	------
250150 250160 250170	85-D-102 Nuclear weapons research, development, and testing facs revitalization, Phase I, various locations	35,400	------	35,400	-400	35,000
250190 250200	85-D-103 Safeguards and security enhancements, LLNL and SNLL	16,400	------	16,400	-400	16,000
250240	85-D-106 Hardened engineering test bldg, LLNL	1,900	------	1,900	-100	1,800
250260 250270	84-D-101 General plant projects, various locations	------	------	------	------	------

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	O-R-M BASELINE	O-R-M REDUCTION	FY 1996 POST O-R-M
250290 250300	94-D-102 Radiation-hardened integrated circuit lab, SNLA	15,500	——	15,500	——	15,500
250320 250330	94-D-103 Hardened central guard force facility, LANL, NM	——	——	——	——	——
250350 250360	94-D-104 Nuclear materials storage facility, LANL, NM	12,100	——	12,100	-725	11,375
250380 250390	94-D-105 Safeguards and security upgrades, Phase I, LANL, NM	7,500	——	7,500	-450	7,050
250410	94-D-106 Security system upgrade, SNLA, NM ..	1,900	——	1,900	——	1,900
250430 250440	93-D-101 General plant projects, various locations....................................	——	——	——	——	——
250470 250480	93-D-122 Los Alamos airport improvement, LANL ($3.1M auth & app FY93 Cont Res)	——	——	——	——	——
250490	93-D-199 Buffer land acquisition, LLNL & SNLL	10,000	——	10,000	-300	9,700
250510 250520	92-D-100 General plant projects, various locations....................................	——	——	——	——	——
250530 250540 250560	92-D-104 Simulation technology laboratory, SNLA....................................... cont res! $0M app FY94; $11.5M app FY95)	10,300	——	10,300	——	10,300
250570 250580	92-D-150 Weapons materials research and development facility, LLNL....................	——	——	——	——	——
250620 250630	92-D-151 High explosives application facility, LLNL................................	——	——	——	——	——

RNEDOR

17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 49

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-P-H BASELINE	G-P-H REDUCTION	FY 1996 POST G-P-H
250650	92-D-152 New detonator facility, LANL........	-----	-----	-----	-----	-----
250690	92-D-153 Tritium facility, LANL..............	-----	-----	-----	-----	-----
250712 250713	91-D-101 Particle beam fusion accelerator-II SNL, NM..................................	-----	-----	-----	-----	-----
250720	91-D-102 General plant projects	-----	-----	-----	-----	-----
250740	91-D-106 Weaponization facilities, LLNL, CA..	-----	-----	-----	-----	-----
250770 250780	91-D-107 Utilities & equipment restoration, replacement & upgrade, various locations.....	-----	-----	-----	-----	-----
250810	91-D-108 Reactor support facilities, SNL, NM.	-----	-----	-----	-----	-----
250840 250850	91-D-110 Upgrade industrial liquid waste treatment plants, LANL, NM.................	-----	-----	-----	-----	-----
250880	91-D-111 Water system upgrade, LANL, NM......	-----	-----	-----	-----	-----

RNEDOR

17:14 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 49

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-P-H BASELINE	G-P-H REDUCTION	FY 1996 POST G-P-H
250910 250920	91-D-133 Earthquake damage restoration, LLNL, CA..................................	-----	-----	-----	-----	-----
250960 250970	91-D-134 Earthquake damage restoration, SNLL, CA..................................	-----	-----	-----	-----	-----
251010	79-7-C Proton storage ring, LANL, NM.........	-----	-----	-----	-----	-----
251060 251070	78-16-C Radioactive liquid waste improvement, LANL, NM..................................	-----	-----	-----	-----	-----
251120	Prior year projects..........................	-----	-----	-----	-----	-----
251130	Subtotal, Construction.......................	141,000	-----	141,000	-2,875	138,125
251140	Subtotal, Research and development...............	1,067,750	-----	1,067,750	-49,889	1,017,861

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
251840	C. Production and surveillance					
251860	Operating expenses..............................	1,858,000	——	1,858,000	-104,561	1,753,439
251870	Capital equipment.............................	125,300	——	125,300	——	125,300
251880	Construction:					
251890 251900	86-D-121 General plant projects, various locations	28,700	——	28,700	——	28,700
251910 251920 251930	86-D-122 Structural upgrade of existing plutonium facilities, Rocky Flats Plant, Golden, CO	3,000	——	3,000	-180	2,820
251940 251950	86-D-123 Environmental hazards elimination, various locations	7,700	——	7,700	-460	7,240
251960 251970 251980	86-D-124 Safeguards and site security upgrading, Phase II, Mound Facility, Miamisburg, OH	2,000	——	2,000	-120	1,880
251990 252000	86-D-125 Safeguards and site security upgrade Phase II, Pantex Plant, Amarillo, TX	1,500	——	1,500	-90	1,410
252010 252020	86-D-126 Safeguards and site security upgrade Phase II, Pinellas Plant, St Petersburg, FL .	——	——	——	——	——
252030 252040	86-D-127 Safeguards and site security upgrade Phase III, Rocky Flats Plant, Golden, CO	——	——	——	——	——
252050 252060	86-D-128 Plutonium area laundry, Rocky Flats, Golden, CO	——	——	——	——	——
252070 252080	86-D-129 Advanced air-to-surface missile warhead production facilities, var loc	——	——	——	——	——
252090 252100	86-D-130 Tritium loading facility replacement Savannah River, Aiken, SC	5,000	——	5,000	-300	4,700
252110 252120	86-D-131 High-explosive machining facility, Pantex Plant, Amarillo, TX	——	——	——	——	——
252130 252140 252150	86-D-132 Antisubmarine warfare/vertical launch ASROC warhead production facilities various locations	——	——	——	——	——

PAEUOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
252160 252170	86-D-133 Retrievable plutonium storage vault, Rocky Flats, CO	—	—	—	—	—
252180 252190	86-D-134 Weapons production primary standards Laboratory, SNLA	—	—	—	—	—
252200 252210	86-D-135 Fire protection upgrade, Y-12 Plant, Oak Ridge, TN	—	—	—	—	—
252220 252230	85-D-111 General plant projects, various locations	—	—	—	—	—
252240 252250	85-D-112 Enriched uranium recovery improvements, Y-12 Plant, Oak Ridge, TN	13,300	—	13,300	-800	12,500
252270 252280	85-D-113 Plant power and steam dist system, Pantex Plant, Amarillo, TX	13,500	—	13,500	-810	12,690
252300 252310	85-D-114 Safeguards vaults, Y-12 Plant, Oak Ridge, TN	—	—	—	—	—
252330 252340	85-D-115 Renovate plutonium building utility systems, Rocky Flats, CO	17,700	—	17,700	-1,060	16,640
252360 252370	85-D-121 Air and water pollution control facs, Y-12 Plant, Oak Ridge, TN	14,000	—	14,000	-840	13,160
252390 252400	85-D-122 Safeguards and site security upgrade, Mound Plant, Miamisburg, OH	—	—	—	—	—
252420 252430	85-D-123 Safeguards and site security upgrade, Pantex Plant, Amarillo, TX	3,000	—	3,000	-180	2,820
252450 252460	85-D-124 Safeguards and site security upgrade, Rocky Flats Plant, Golden, CO	2,400	—	2,400	-140	2,260
252480 252490	85-D-125 Tactical bomb production facilities, various locations............................	9,000	—	9,000	—	9,000

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
252510	84-D-111 General plant projects	—	—	—	—	—
252530 252540	84-D-112 TRIDENT II warhead production facilities, various locations	60,700	—	60,700	—	60,700
252560 252570	84-D-113 Antisubmarine warfare/standoff weapon warhead prod facs, var locations	5,000	—	5,000	—	5,000
252590 252600	84-D-114 Consolidated nonnuclear manufacturing facility, Rocky Flats, CO	—	—	—	—	—
252610 252620	84-D-115 Electrical system expansion, Pantex Plant, Amarillo, TX	6,300	—	6,300	-380	5,920
252640 252650	84-D-117 Insert assembly & test facility Pantex Plant, Amarillo, TX	5,400	—	5,400	-320	5,080
252670 252680	84-D-118 High explosive subassembly facility, Pantex Plant, Amarillo, TX	33,000	—	33,000	-1,980	31,020
252700 252710	84-D-119 Railroad track replacement and upgrade, Pantex Plant, Amarillo, TX	—	—	—	—	—
252730 252740	84-D-120 Explosive component test facility, Mound Plant, Miamisburg, OH	9,200	—	9,200	-490	8,710
252760 252770	84-D-121 Safeguards and site security upgrade, Rocky Flats, CO	—	—	—	—	—
252800 252810	84-D-124 Environmental improvements, Y-12 Plant, Oak Ridge, TN	12,000	—	12,000	-720	11,280

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
252830 252840	84-D-211 Safeguards and site security upgrading, Y-12 Plant, Oak Ridge, TN	13,000	——	13,000	-780	12,220
252860 252870	84-D-212 Safeguards and site security upgrade, Pinellas Plant, FL	4,650	——	4,650	-280	4,370
252890	83-D-123 General plant projects	——	——	——	——	——
252910 252920	83-D-128 Standard missile-2 (SM-2) warhead production facilities, various locations	——	——	——	——	——
252940 252950	83-D-134 SENTRY (LoADS) warhead production facilities, various locations	——	——	——	——	——
252960 252970	83-D-200 Plant capacity expansion, Pinellas Plant, St. Petersburg, FL	——	——	——	——	——
252980 252990	82-D-103 General plant projects, various locations	——	——	——	——	——
253000 253010	82-D-104 New weapons production installations various locations	——	——	——	——	——
253050 253060	82-D-106 Weapon assembly facilities, Pantex Plant, Amarillo, TX	——	——	——	——	——
253100 253110	82-D-107 Utilities & equip restoration, replace & upgrade, Phase III, var locations	160,500	——	160,500	-8,250	152,250

MAEOOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 55

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
253160 253170	82-D-108 Nuclear weapons stockpile improvement, various locations	----	----	----	----	----
253220 253230	82-D-109 155mm artillery fired atomic projectile (AFAP) prod facs, var locations ..	15,000	----	15,000	----	15,000
253260 253270	82-D-110 Exhaust plenum modifications, Rocky Flats, CO	----	----	----	----	----
253290 253300	82-D-111 Interactive graphics system, various locations	4,500	----	4,500	-270	4,230
253340 253350	82-D-146 Weapons prod & prod support facs, various locations............................	----	----	----	----	----
253400 253410	82-D-147 Pressure test fac, Savannah River Plant, Aiken, SC............................	----	----	----	----	----
253430 253440	81-D-115 HP warhead prod facs, various locations....................................	----	----	----	----	----
253490 253500	81-D-116 Utilities & equip restoration, replace & upgrade, Phase II, various location	----	----	----	----	----

RAEDDR

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

17:14 2/11/86

PAGE 56

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
253530 253540	81-D-119 Reclamation fac improvements, Savannah River Plant, Aiken, SC.............	—	—	—	—	—
253560 253570	81-D-120 Control of effluents & pollutants, Y-12 Plant, Oak Ridge, TN..................	—	—	—	—	—
253610 253620	81-D-121 Upgrade weapons staging area roads, Pantex Plant, TX............................	—	—	—	—	—
253640 253650	80-AE-5 Ground launched cruise missile warhead prod. facs., various locations.......	—	—	—	—	—
253680 253690	80-AE-6 Utilities & equip restoration, replace & upgrade, various locations.........	—	—	—	—	—
253730 253740	80-AE-9 Advanced size reduction facility, Rocky Flats, Golden, CO.....................	—	—	—	—	—
253770 253780	80-AE-13 Pershing II airburst warhead production facilities, various locations.....	—	—	—	—	—
253800 253810	79-7-E Production & assembly facilities Pantex Plant, Amarillo, TX..................	—	—	—	—	—
253850 253860	79-7-H Utilities system restoration, Y-12 Plant, Oak Ridge, TN........................	—	—	—	—	—

RAEDDR

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

17:14 2/11/86

PAGE 57

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
253890 253900	79-7-O Universal pilot plant, Pantex Plant, Amarillo, TX................................	—	—	—	—	—
253950 253960	79-7-P Facilities for a new modern strategic bomb, various locations......................	—	—	—	—	—
254000 254010	78-16-A Cruise missile production facilities various, locations............................	—	—	—	—	—
254130 254140	78-17-B Steam plant improvements, Y-12 Plant Oak Ridge, TN................................	—	—	—	—	—

PAENDR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 50

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
254190 254200	78-17-E High explosive machining facility, Pantex Plant, Amarillo, TX..................	——	——	——	——	——
254220 254230	77-11-C 8 inch artillery fired atomic projectile (AFAP) prod facs, var locations...	——	——	——	——	——
254270 254280	71-9 Fire, safety, and adequacy of operating conditions, various locations..............	——	——	——	——	——
254310	Prior year projects........................	——	——	——	——	——
254340	General reduction	——	——	——	——	——
254350	Subtotal, Construction........................	450,050	——	450,050	-18,650	431,400
254360	Subtotal, Production and surveillance............	2,433,350	——	2,433,350	-123,011	2,310,339

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
254351	D. Inertial confinement fusion					
254352	Operating expenses....................................	145,000	—	145,000	-7,105	137,895
254353	Capital equipment....................................	10,000	—	10,000	-490	9,510
254354	Construction:					
254356	Prior year projects..............................	—	—	—	—	—
254357	Subtotal, Construction............................	—	—	—	—	—
254360	Subtotal, Inertial confinement fusion..............	155,000	—	155,000	-7,595	147,405
254370	E. Program direction					
254380	Operating expenses:					
254390	1. Weapons program	49,655	—	49,655	—	49,655
254400	2. Inertial confinement fusion.................	—	—	—	—	—
254410	3. Community assistance.........................	49,045	—	49,045	—	49,045
254420	Subtotal, Operating expenses.....................	98,700	—	98,700	—	98,700
254430	Subtotal, Program direction........................	98,700	—	98,700	—	98,700
254440	Subtotal, Weapons activities........................	4,358,900	—	4,358,900	-216,725	4,142,175
254450	(Operating expenses)..................................	(3,473,500)	—	(3,473,500)	(-190,479)	(3,283,021)
254460	(Capital equipment)..................................	(266,750)	—	(266,750)	(-4,921)	(261,829)
254470	(Construction)................................	(618,650)	—	(618,650)	(-21,325)	(597,325)

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
254480	II. Materials production					
254490	A. Reactor operations					
254500	Operating expenses................................	576,300	—	576,300	-28,090	548,210
254530	Construction:					
254540 254550	86-D-150 In-core neutron monitoring system N-Reactor, Richland, WA	5,460	—	5,460	-330	5,130
254560 254570	86-D-152 Reactor electrical distribution system, Savannah River, SC	3,000	—	3,000	-290	2,710
254580 254590	86-D-155 New pumping system for emergency coolant reactor areas, Savannah River SC	—	—	—	—	—
254600 254610	85-D-136 Components protection system, 100-N area, Richland, WA	—	—	—	—	—
254630 254640	85-D-142 U308 fuel tube facilities, fuel Savannah River, SC	—	—	—	—	—
254660 254670	85-D-145 Fuel production facility, facility, Savannah River, SC (TEC-700)	10,000	—	10,000	—	10,000
254690 254700	84-D-136 Enriched uranium conversion facility modifications, Y-12 Plant, Oak Ridge, TN	12,200	—	12,200	—	12,200
254720 254730	83-D-109 Facility storage modifications, various locations	—	—	—	—	—
254760 254770	83-D-106 Water pollution control, FMPC, Fernald, Ohio.................................	—	—	—	—	—

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
254800 254820	82-D-125 Reactor safety and reliability, various locations..............................	1,000	——	1,000	——	1,000
254900 254910 254920	82-D-209 New production reactor, design only, site undesignated .... (1000 with FY82)	——	——	——	——	——
254980 255000	81-D-142 Steam transfer header, Savannah River Plant, SC..............................	——	——	——	——	——
255070 255100 255120	81-D-143 L-reactor upgrade, Savannah River, SC...................................... To these projects in FY85 [illegible] with and	——	——	——	——	——
255170	Prior year projects..............................	——	——	——	——	——
255200	Subtotal, Construction..............................	40,460	——	40,460	-620	39,840
255270	Subtotal, Reactor operations....................	616,840	——	616,840	-20,710	596,130

[illegible]

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 62

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
[illegible]	B. Processing of nuclear materials					
[illegible]	Operating expenses	483,145	——	483,145	-18,323	464,822
[illegible]	Construction:					
[illegible] [illegible]	86-D-148 SIS plant (design only), site undesignated	4,000	——	4,000	-195	3,805
[illegible] [illegible]	86-D-151 PUREX electrical system upgrade, Richland, WA	2,500	——	2,500	-120	2,380
[illegible] [illegible]	86-D-153 Additional line III tritium furnace, Savannah River, SC	2,000	——	2,000	-195	1,805
[illegible] [illegible]	86-D-154 Effluent treatment facility, Savannah River, SC	2,500	——	2,500	——	2,500
[illegible] [illegible]	86-D-157 Hydrofluorination system, FB-Line, Savannah River, SC	2,200	——	2,200	-200	2,000
[illegible] [illegible]	85-D-137 Vault safety SNM inventory system, Richland, WA	1,900	——	1,900	——	1,900
[illegible] [illegible]	84-D-139 Modification processing facility substations, Savannah River, SC	——	——	——	——	——
[illegible] [illegible]	84-D-135 Process facility modifications, Richland, WA	15,000	——	15,000	-525	14,475
[illegible] [illegible]	83-D-142 Fuel dissolver off-gas transfer and treatment system, ICPP, INEL, ID	——	——	——	——	——
[illegible] [illegible]	82-D-209 Special plutonium recovery facs., JB Line, Savannah River, SC	6,000	——	6,000	——	6,000

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
237560 237570	81-D-126 Pollution abatement facilities-chemical processing plants, Richland, WA.....	—	—	—	—	—
237610 237620	85-D-131 Remote analytical facility upgrade and expansion, ICPP, INEL, ID................	—	—	—	—	—
237730 237740	80-AE-2 Replace obsolete processing facs., HB-Line, Savannah River, SC	—	—	—	—	—
237800 237810	77-13-A Fluorinel dissolution process & fuel receiving improvs. ICPP, INEL, ID............	—	—	—	—	—
237880	Prior year projects..........................	—	—	—	-30	-30
237890	Subtotal, Construction.......................	34,500	—	34,500	-1,273	33,227
237900	Subtotal, Processing of nuclear materials........	517,645	—	517,645	-19,586	498,059

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
255910	C. Supporting services					
255920	Operating expenses	256,575	——	256,575	-6,629	249,946
255940	Construction:					
255950 255960	86-D-146 General plant projects, various locations	32,650	——	32,650	-705	31,945
255970	86-D-147 Plant engineering and design	——	——	——	——	——
255980 255990	86-D-149 Productivity retention program, Phase I, various locations	20,700	——	20,700	-1,100	19,600
256000 256010	86-D-156 Plantwide safeguards systems, Savannah River, SC	3,000	——	3,000	-290	2,710
256020 256030	85-D-131 General plant projects, various locations	——	——	——	——	——
256050	85-D-132 Plant engineering and design	——	——	——	——	——
256100 256110	85-D-139 Fuel processing restoration, IFPF, INEL, ID	15,000	——	15,000	-1,470	13,530
256130 256140	85-D-140 Productivity and radiological improvements, FMPC, Fernald, OH	15,000	——	15,000	——	15,000
256160	84-D-125 General plant projects	——	——	——	——	——
256180	84-D-126 Plant engineering and design	——	——	——	——	——
256200 256210	84-D-130 Safeguards and security improvements Plant-wide, Savannah River, SC	7,000	——	7,000	-685	6,315
256230 256240	84-D-137 Facility security systems upgrade, IFPF, INEL, ID	5,000	——	5,000	-300	4,700
256250	83-D-125 General plant projects	——	——	——	——	——

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
256270 256280	83-D-136 Plant engineering and design, various locations..............................	——	——	——	——	——
256300 256310	83-D-130 Purex canyon & dissolver filter systems improvements, Richland, WA...........	——	——	——	——	——
256340 256350	83-D-107 Pollution discharge elimination, Savannah River, SC...........................	——	——	——	——	——
256380 256390 256420	83-D-148 Non-radioactive hazardous waste management, Savannah River, SC............... ($9.3M per FY85)	8,600	——	8,600	-900	7,700
256430 256440	82-D-116 General plant projects, various locations.....................................	——	——	——	——	——
256450 256460	82-D-117 Plant engineering and design, various locations..............................	——	——	——	——	——
256470 256480	82-D-118 N-reactor plant security and surveillance, Richland, WA......................	——	——	——	——	——
256540 256550	82-D-124 Restoration of production capabilities, Phase II, III, IV & V, var locs.	43,950	——	43,950	-4,350	39,600

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
256630 256640 256700	82-D-127 Safeguards improvements, Savannah River Plant, SC.................................... Processing-CE in FY83 $7M and FY84)	—	—	—	—	—
256720 256730	82-D-120 Plant perimeter security systems upgrade, ICPP, INEL, IDAHO....................	—	—	—	—	—
256770 256780	82-D-136 Fuel processing facilities upgrade, ICPP, INEL, Idaho..............................	—	—	—	—	—
256880 256890	81-D-120 Restoration of production capabilities, Phase I, various locations........	—	—	—	—	—
256960 256970	80-AE-3 Steam generation facilities, ICPP, Idaho....................................	—	—	—	—	—
257130	Prior year projects..........................	—	—	—	-1,736	-1,736
257140	Subtotal, Construction.........................	150,850	—	150,850	-11,426	139,424
257150	Subtotal, Supporting services....................	407,425	—	407,425	-18,055	389,370

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
257160	D. Enriched material	184,000	—	184,000	-14,400	169,600
257170	E. Capital equipment	121,400	—	121,400	-11,900	109,500
257190	F. Program direction................................	21,300	—	21,300	—	21,300
257200	Subtotal, Materials production....................	1,868,450	—	1,868,450	-92,451	1,775,999
257210	(Operating expenses)................................	(1,521,000)	—	(1,521,000)	(-67,432)	(1,453,568)
257220	(Capital equipment)................................	(121,400)	—	(121,400)	(-11,900)	(109,500)
257230	(Construction)................................	(225,050)	—	(225,050)	(-13,119)	(212,931)

PAGEDR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 89

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
257240	III. Defense waste and byproducts management					
257250	A. Interim waste management					
257270	Operating expenses..............................	271,000	——	271,000	-8,479	262,521
257280	Construction:					
257290 257300	86-D-171 General plant projects, various locations	24,451	——	24,451	-998	23,453
257310	86-D-172 B-Plant F-Filter, Richland, WA	1,000	——	1,000	-51	949
257320 257330	86-D-173 Central waste disposal facility, Oak Ridge, TN	1,000	——	1,000	-51	949
257340 257350	86-D-174 Low-level waste processing and shipping system, FMPC, Fernald, OH	2,500	——	2,500	-128	2,372
257360	86-D-175 Security upgrade, ID	2,000	——	2,000	-42	1,958
257370 257380	85-D-156 General plant projects, various locations	——	——	——	——	——
257390 257400	85-D-157 Seventh calcined solids storage facility, INEL, ID	14,500	——	14,500	-1,181	13,319
257420 257430	85-D-158 Central warehouse upgrade, Richland, WA	5,000	——	5,000	-256	4,744
257450 257460	85-D-159 New waste transfer facilities H-Area, Savannah River, SC	9,000	——	9,000	-882	8,118
257480 257490	85-D-160 TRA security system upgrade, INEL, ID	2,250	——	2,250	-47	2,203
257510 257520	84-D-150 General plant projects, various locations	——	——	——	——	——
257540 257550	83-D-156 General plant projects, various locations..................................	——	——	——	——	——

RAEDOR

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

17:14 2/11/86

PAGE 69

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
257570 257580	83-D-157 Additional radioactive waste storage facilities, Richland, WA..................	—	—	—	—	—
257620	82-H-101 General plant projects..............	—	—	—	—	—
257630 257640	82-H-103 Waste handling & isolation facs. Richland, WA................................	2,100	—	2,100	-111	2,089
257680 257690	82-H-109 Waste transfer facilities, Richland, WA.......................................	—	—	—	—	—
257720 257730	82-H-107 Rail replacement/Hanford railroad, Richland, WA..............................	—	—	—	—	—
257770	81-T-101 General plant project...............	—	—	—	—	—
257780	81-T-102 Plant engineering and design........	—	—	—	—	—
257790 257800	81-T-103 Sixth set of calcined solids storage bins, ICPP, INEL, ID........................	—	—	—	—	—
257840 257850	81-T-104 Radioactive waste facs. improves., ORNL, Oak Ridge, TN........................	—	—	—	—	—
257890 257900	79-7-e Waste management facilities, Savannah River, SC.................................	—	—	—	—	—

[illegible]

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

17:14 2/11/86

PAGE 70

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
257940 257950	70-19-B High level waste storage facilities, Savannah River, SC	—	—	—	—	—
257980	General Reduction for Escalation	—	—	—	—	—
257990	Prior year projects	—	—	—	—	—
258040	Subtotal, Construction	68,837	—	68,837	-3,707	65,130
258050	Subtotal, Interim waste management	334,901	—	334,901	-12,226	322,675

[illegible]

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

17:14 2/11/86

PAGE 71

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
259060	B. Long-term waste management technology					
259070	Operating expenses	94,567	—	94,567	-4,794	89,773
259080	Construction:					
259090 259100	86-D-176 TRU retrieved waste preparation facility, Savannah River, SC	—	—	—	—	—
259110 259120	85-D-161 B-Plant immobilization pilot plant (BIPP), Richland, WA	—	—	—	—	—
259130	83-D-159 General plant projects	—	—	—	—	—
259150	86-T-101 General plant projects	—	—	—	—	—
259160	86-T-102 Plant engineering and design	—	—	—	—	—
259190 259200	81-T-105 Defense waste processing facility, Savannah River, SC	165,000	—	165,000	-8,000	157,000
259260	Prior year projects	—	—	—	—	—
259280	Subtotal, Construction	165,000	—	165,000	-8,000	157,000
259290	Subtotal, Long-term waste management technology	259,567	—	259,567	-12,794	246,773

[illegible]

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 72

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
250300	C. Terminal storage					
250310	Operating expenses..............................	25,070	———	25,070	-1,088	23,982
250320	Construction:					
250330	77-13-F Waste isolation pilot plant, Delaware					
250390	Basin, Southeast, NM.........................	———	———	———	-9,600	-9,600
250430	Subtotal, Construction........................	———	———	———	-9,600	-9,600
250600	Subtotal, Terminal storage........................	25,070	———	25,070	-9,600	15,382
250455	D. Byproducts and beneficial uses					
250460	Operating expenses	———	———	———	———	———
250470	Construction					
250480	85-D-166 Plant engineering and design, TBD	———	———	———	———	———
250490	84-D-209 Byproducts beneficial uses cesium					
250500	demo plants, various locations	———	———	———	———	———
250520	82-Du-1 Byproducts liquification demo					
250530	plants, various locations	———	———	———	———	———
250535	Prior year projects............................	———	———	———	———	———
250550	Subtotal, Construction	———	———	———	———	———
250560	Subtotal, Byproducts beneficial uses	———	———	———	———	———

[illegible]

17:10 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 73

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
250570	D. Capital equipment..................................	35.997	——	35.997	-2.228	33.769
250590	E. Program direction	2.400	——	2.400	-21	2.379
250600	Subtotal, Defense waste & by-products management	657.935	——	657.935	-36.966	620.969
250610	(Operating expenses)................................ (	393.937)	—— (	393.937)	(-14.391) (	379.546)
250620	(Capital equipment)................................ (	35.997)	—— (	35.997)	(-2.228) (	33.769)
250630	(Construction)................................ (	228.001)	—— (	228.001)	(-20.347) (	207.654)

[illegible]

17:10 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 74

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
250640	All Other					
250650	IV. Verification and control technology					
250660	A. Verification and control technology					
250670	Operating expenses................................	87.225	——	87.225	-3.000	84.225
250680	Capital equipment................................	5.600	——	5.600	——	5.600
250690	Construction:					
250700	86-D-141 Shielded computer facility, PNL,					
250710	Richland, WA	——	——	——	——	——
250720	85-D-171 Space science laboratory, LANL, NM	4.500	——	4.500	——	4.500
250760	Subtotal construction	4.500	——	4.500	——	4.500
250790	Subtotal, Verification and control technology....	97.325	——	97.325	-3.000	94.325
250800	(Operating expenses)................................ (	87.225)	—— (	87.225)	(-3.000) (	84.225)
250810	(Capital equipment)................................ (	5.600)	—— (	5.600)	—— (	5.600)
250820	(Construction)................................ (	4.500)	—— (	4.500)	—— (	4.500)

[illegible]

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
[illegible] V.	Nuclear safeguards and security					
[illegible]	A. Nuclear safeguards and security					
[illegible]	Operating expenses	54,325	——	54,325	-1,655	52,670
[illegible]	Sec 2901 of P.L. 98-369 FY85 use)					
[illegible]	Capital equipment	4,600	——	4,600	-145	4,455
[illegible]	Construction:					
[illegible]	[illegible]-D-196 Nuclear safeguards technology lab.					
[illegible]	LANL, NM	——	——	——	——	——
[illegible]	83-D-175 General plant projects	——	——	——	——	——
[illegible]	Subtotal, Construction	——	——	——	——	——
[illegible]	Subtotal Nuclear safeguards and security	58,925	——	58,925	-1,800	57,125
[illegible]	(Operating expenses)	(54,325)	——	(54,325)	(-1,655)	(52,670)
[illegible]	(Capital equipment)	(4,600)	——	(4,600)	(-145)	(4,455)
[illegible]	(Construction)	——	——	——	——	——
[illegible] VI.	Security investigations - OE	33,000	——	33,000	-4,000	29,000
[illegible]	Subtotal, All Other	185,650	——	185,650	-5,800	179,850
[illegible]	(Operating expenses)	(170,950)	——	(170,950)	(-5,655)	(165,295)
[illegible]	(Capital equipment)	(10,200)	——	(10,200)	(-145)	(10,055)
[illegible]	(Construction)	(4,500)	——	(4,500)	——	(4,500)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
279050	VII. Naval reactors development					
279060	A. Plant development					
279070	Operating expenses	66,000	—	66,000	-3,300	62,700
279080	Subtotal, Plant development	66,000	—	66,000	-3,300	62,700
279090	B. Reactor development					
279100	Operating expenses	264,300	—	264,300	-9,600	254,700
279110	Construction					
279120	86-N-101 General plant projects	4,000	—	4,000	-230	3,770
279130	85-N-104 Reactor modifications, ATR, INEL, ID	6,500	—	6,500	—	6,500
279140	85-N-101 General plant projects	—	—	—	—	—
279150	84-N-101 General plant projects	—	—	—	—	—
279170	83-N-100 General plant projects	—	—	—	—	—
279190 279200	83-N-102 Additions to radioactive materials laboratory, Schenectady, NY	—	—	—	—	—
279220	82-N-100 General plant projects	—	—	—	—	—
279240 279250	82-N-111 Materials facility, Savannah River, SC	11,000	—	11,000	—	11,000
279260	81-T-111 General plant projects	—	—	—	—	—
279270 279280	81-T-112 Mods. and additions to prototype facs. various locations	27,000	—	27,000	—	27,000

PABUDB

17:10 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
239340	86-N-103 Fuel cells area area upgrading,					
239350	Bettis Atomic Power Lab., West Mifflin, PA...	—	—	—	—	—
239370	Prior year projects..........................	—	—	—	—	—
239400	Subtotal, Construction.......................	46,500	—	46,500	-270	46,230
239410	Subtotal, Reactor development...................	307,090	—	307,090	-9,100	297,990
239420	C. Reactor operation and evaluation.............					
239430	Operating expenses..........................	150,000	—	150,000	-11,000	139,000
239440	Subtotal, Reactor operation and evaluation.......	150,000	—	150,000	-11,000	139,000
239450	D. Enriched material............................	—	—	—	—	—
239460	E. Capital equipment............................	28,000	—	28,000	-2,700	25,300
239470	F. Program direction	11,700	—	11,700	-601	11,099
239480	Subtotal, Naval reactors development.............	563,590	—	563,590	-27,441	536,149
239490	(Operating expenses).........................	(489,090)	—	(489,090)	(-24,471)	(464,619)
239500	(Capital equipment).........................	(28,000)	—	(28,000)	(-2,700)	(25,300)
239510	(Construction).........................	(46,500)	—	(46,500)	(-270)	(46,230)
239765	SUBTOTAL, ATOMIC ENERGY DEFENSE ACTIVITIES.............	7,630,615	—	7,630,615	-379,783	7,250,832
239766	(Operating expenses).........................	(6,051,007)	—	(6,051,007)	(-302,669)	(5,748,338)
239767	(Capital equipment).........................	(452,307)	—	(452,307)	(-21,899)	(430,408)
239768	(Construction).........................	(1,126,301)	—	(1,126,301)	(-55,221)	(1,071,080)

[illegible]

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

17:10 2/11/86 PAGE 70

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
[illegible]	Adjustments:					
[illegible]	Addback of G-R-H guid. red.	——	——	——	7,157	7,157
[illegible]	Proposed rescission (Sec 2901 P.L. 99-349) OE	——	——	——	——	——
[illegible]	Proposed rescission (Sec 2901 P.L. 99-349) CE	——	——	——	——	——
[illegible]	Unoblig bal brought forward					
[illegible]	Operating expenses	-20,000	——	-20,000	——	-20,000
[illegible]	Construction	——	——	——	——	——
[illegible]	Subtotal, Unoblig bal brought forward	-20,000	——	-20,000	——	-20,000
[illegible]	Savings from management initiatives:					
[illegible]	Savings from management initiatives - (OE)	-16,000	——	-16,000	——	-16,000
[illegible]	Savings from management initiatives - (CE)	——	——	——	——	——
[illegible]	Total savings from management initiatives	-16,000	——	-16,000	——	-16,000
[illegible]	Total, Adjustments	-36,000	——	-36,000	7,157	-28,843
[illegible]	TOTAL, ATOMIC ENERGY DEFENSE ACTIVITIES	7,604,615	——	7,604,615	-372,622	7,231,993
[illegible]	(Operating expenses)	(6,017,887)	——	(6,017,887)	(-295,511)	(5,722,376)
[illegible]	(Capital equipment)	(462,387)	——	(462,387)	(-21,890)	(440,497)
[illegible]	(Construction)	(1,124,341)	——	(1,124,341)	(-55,221)	(1,069,120)
[illegible]	ATOMIC ENERGY OUTLAYS					
[illegible]	WEAPONS ACTIVITIES OUTLAYS					
[illegible]	RESEARCH AND DEVELOPMENT AND TESTING	7,380,000	-729,599	6,650,401	-227,861	7,152,139
[illegible]	INERTIAL CONFINEMENT FUSION	——	——	——	——	——
[illegible]	PRODUCTION AND SURVEILLANCE	——	——	——	——	——
[illegible]	PROGRAM DIRECTION - DEFENSE PROGRAMS	——	——	——	——	——
[illegible]	TOTAL, WEAPONS ACTIVITIES OUTLAYS	7,380,000	-729,599	6,650,401	-227,861	7,152,139
[illegible]	VERIFICATION AND CONTROL TECHNOLOGY	——	——	——	——	——
[illegible]	MATERIALS PRODUCTION	——	——	——	——	——
[illegible]	DEFENSE WASTE & BY-PRODUCTS MANAGEMENT	——	——	——	——	——
[illegible]	NUCLEAR SAFEGUARDS & SECURITY	——	——	——	——	——
[illegible]	SECURITY INVESTIGATIONS	——	——	——	——	——
[illegible]	NAVAL REACTORS DEVELOPMENT	——	——	——	——	——
[illegible]	DEFENSE NUCLEAR ENERGY PROGRAM	——	——	——	——	——
[illegible]	SAVINGS FROM MANAGEMENT INITIATIVES - OUTLAYS	——	——	——	——	——
[illegible]	TOTAL, ATOMIC ENERGY OUTLAYS	7,380,000	-729,599	6,650,401	-227,861	7,152,139

PAEBAR

17:34 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 79

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
[illegible]	DEPARTMENTAL ADMINISTRATION					
[illegible] I.	Office of the Secretary - Salaries and expenses					
[illegible]	A. Office of the Secretary	1,106	—	1,106	-43	1,063
[illegible]	B. Other expenses	497	—	497	-19	478
[illegible]	Subtotal, Office of the Secretary	1,603	—	1,603	-62	1,541
[illegible] II.	General management - salaries					
[illegible]	A. Board of Contract Appeals	288	—	288	-10	278
[illegible]	B. General Counsel	7,171	—	7,171	-260	6,911
[illegible]	C. Inspector General	7,109	—	7,109	-257	6,852
[illegible]	D. A/S Management & Administration	37,725	—	37,725	-1,408	36,317
[illegible]	E. A/S Cong., Intergov. & Public Affairs	3,587	—	3,587	-130	3,457
[illegible]	F. Operations Offices	53,917	—	53,917	-2,013	51,904
[illegible]	G. Policy, Planning & Analysis	2,372	—	2,372	-89	2,283
[illegible]	H. A/S International Affairs	2,480	—	2,480	-89	2,391
[illegible]	I. Office of Minority Economic Impact	470	—	470	-18	452
[illegible]	Subtotal, Salaries	115,119	—	115,119	-4,274	110,845
[illegible] III.	General management - other expenses					
[illegible]	A. Other salary expenses	7,455	—	7,455	-278	7,177
[illegible]	B. Benefits	13,153	—	13,153	-491	12,662
[illegible]	C. Travel	4,821	—	4,821	-180	4,641
[illegible]	D. Services	119,599	—	119,599	-4,464	115,135
[illegible]	E. Workers compensation	1,436	—	1,436	-54	1,382
[illegible]	F. Capital equipment	10,327	—	10,327	-385	9,942
[illegible]	Subtotal, Other expenses	156,791	—	156,791	-5,852	150,939
[illegible]	(Operating expenses)	(146,464)	—	(146,464)	(-5,467)	(140,997)
[illegible]	(Capital equipment)	(10,327)	—	(10,327)	(-385)	(9,942)
[illegible]	(Construction)	—	—	—	—	—

[illegible] DEPARTMENT OF ENERGY DEPT. ADMIN.
FY 1986 BUDGET BY APPROPRIATION
17:10 2/11/86 (DOLLARS IN THOUSANDS) PAGE 89

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
[illegible] IV.	Program Support					
[illegible]	A. Policy analysis and system studies............	4,500	—	4,500	-168	4,332
[illegible]	B. Indian Affairs..................................	300	—	300	-11	289
[illegible]	C. Consumer Affairs................................	100	—	100	-4	96
[illegible]	D. Public Affairs..................................	450	—	450	-17	433
[illegible]	E. Competition.....................................	100	—	100	-4	96
[illegible]	F. International Policy Studies....................	1,000	—	1,000	-37	963
[illegible]	G. Office of Minority Economic Impact..............	2,300	—	2,300	-86	2,214
[illegible]	H. Cost of work for others.........................	149,110	—	149,110	-5,567	143,543
[illegible]	Subtotal, Program support..........................	157,860	—	157,860	-5,894	151,966
[illegible] V.	Miscellaneous revenues.............................	-244,220	—	-244,220	—	-244,220
[illegible]	Subtotal, Dept Administration......................	187,175	—	187,175	-16,106	171,069
[illegible]	FTE reductions.....................................	-3,750	—	-3,750	—	-3,750
[illegible]	Savings from management initiatives - OMB/DOE.....	-6,000	—	-6,000	—	-6,000
[illegible]	Savings from FY84 initiatives......................	—	—	—	—	—
[illegible]	Addback of proposed rescission.....................	-2,706	—	-2,706	—	-2,706
[illegible]	Sequester baseline reduction.......................	—	-35,000	-35,000	—	—
[illegible]	FY1986 deferred balances carried forward...........	—	—	—	—	—
[illegible]	Use of prior year balances.........................	-8,481	—	-8,481	—	-8,481
[illegible]	TOTAL, DEPARTMENTAL ADMINISTRATION.................	166,238	-35,000	131,238	-16,106	150,132
[illegible]	(Operating expenses)...............................	(155,911)	(-35,000)	(120,911)	(-15,721)	(140,190)
[illegible]	(Capital equipment)...............................	(10,327)	—	(10,327)	(-385)	(9,942)
[illegible]	DEPARTMENTAL ADMINISTRATION OUTLAYS					
[illegible]	DEPARTMENTAL ADMINISTRATION........................	397,000	-192,401	204,599	-8,798	388,202
[illegible]	SUBTOTAL, DEPT. ADMINISTRATION OUTLAYS (GROSS).....	397,000	-192,401	204,599	-8,798	388,202
[illegible]	MISCELLANEOUS REVENUES.............................	-244,220	—	-244,220	—	-244,220
[illegible]	TOTAL, DEPARTMENTAL ADMINISTRATION OUTLAYS (NET)....	152,780	-192,401	-39,621	-8,798	143,982

[illegible]
[illegible] 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

POWER MARKETING
PAGE 01

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
[illegible]	ALASKA POWER ADMINISTRATION - OPERATION AND MAINTENANCE					
[illegible]	I. Power marketing - Alaska Power Administration					
[illegible]	A. Operating expenses	3,281	-2,455	826	-36	3,245
[illegible]	B. Emergency fund	—	—	—	—	—
[illegible]	-Addback of proposed rescission	—	—	—	—	—
[illegible]	TOTAL ALASKA POWER ADMINISTRATION	3,281	-2,455	826	-36	3,245
[illegible]	ALASKA POWER O&M OUTLAYS					
[illegible]	POWER MARKETING - ALASKA POWER ADMINISTRATION	3,671	-2,944	727	-31	3,640

[illegible]
[illegible] 2/11/96

DEPARTMENT OF ENERGY
FY 1996 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

POWER MARKETING
PAGE 02

Line No.	Account Title	FY 1996 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1996 POST G-R-H
[illegible]	BONNEVILLE POWER ADMINISTRATION					
[illegible]	I. Power marketing - Bonneville Administration	—	—	—	—	—
[illegible]	(Permanent indefinite borrowing authority)	(301,000)	(-301,000)	—	—	(301,000)
[illegible]	TOTAL BONNEVILLE POWER ADMINISTRATION	—	—	—	—	—
[illegible]	BONNEVILLE POWER ADMINISTRATION OUTLAYS					
[illegible]	BONNEVILLE POWER ADMINISTRATION OUTLAYS	-31,615	82,315	50,700	-2,100	-33,715

[illegible] DEPARTMENT OF ENERGY POWER MARKETING
FY 1986 BUDGET BY APPROPRIATION
17:14 2/11/86 (DOLLARS IN THOUSANDS) PAGE 09

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
399999	SOUTHEASTERN POWER ADMINISTRATION - OPERATION AND					
391005	MAINTENANCE					
399006	I. Power marketing - Southeastern power administration					
399009	A. Operation and maintenance..........................	—	—	—	—	—
399012	B. Purchase power and wheeling........................	—	—	—	—	—
399015	Use of prior year balances..........................	—	—	—	—	—
399017	Addback of proposed rescission......................	—	—	—	—	—
399027	TOTAL SOUTHEASTERN POWER ADMINISTRATION...............	—	—	—	—	—
400000	SOUTHEASTERN POWER ADMINISTRATION - CONTINUING FUND					
400003	I. Continuing fund..................................	—	—	—	—	—
401006	TOTAL SOUTHEASTERN POWER ADMINISTRATION...............	—	—	—	—	—
401950	TOTAL, SOUTHEASTERN POWER ADMINISTRATION...............	—	—	—	—	—
409920	SOUTHEASTERN BA OUTLAYS					
409950	POWER MARKETING - SOUTHEASTERN POWER ADMINISTRATION..	14,664	-13,755	909	-39	14,625

[illegible]
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

POWER MARKETING
PAGE 04

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
420999	SOUTHWESTERN POWER ADMINISTRATION - OPERATION AND					
421003	MAINTENANCE					
421006	I. Power marketing - Southwestern Power Administration					
421009	A. Operation and maintenance	10,780	—	10,780	-89	10,691
421012	B. Purchase power and wheeling	21,990	-16,810	5,180	-176	21,814
421015	C. Construction	5,500	-5,500	—	-44	5,456
421016	Use of prior year balances	-8,770	—	-8,770	—	-8,770
421018	Addback of proposed rescission	—	—	—	—	—
421030	TOTAL, SOUTHWESTERN POWER ADMINISTRATION	29,500	-22,310	7,190	-309	29,191
441000	SOUTHWESTERN POWER ADMINISTRATION - CONTINUING FUND					
441003	I. Continuing fund	—	—	—	—	—
441006	TOTAL, SOUTHWESTERN POWER ADMINISTRATION	—	—	—	—	—
441050	TOTAL, SOUTHWESTERN POWER ADMINISTRATION	29,500	-22,310	7,190	-309	29,191
449920	SOUTHWESTERN GWO OUTLAYS					
449950	POWER MARKETING - SOUTHWESTERN POWER ADMINISTRATION	39,600	-33,273	6,327	-272	39,328

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
461000	WESTERN AREA POWER ADMINISTRATION - CONSTRUCTION,					
461003	REHABILITATION, OPERATION AND MAINTENANCE					
461006	I. Power marketing - Western Area Power Administration					
461009	A. Construction and rehabilitation..................	80,300	-80,300	—	-1,137	79,163
461012	B. System operation and maintenance..................	75,000	—	75,000	-523	74,477
461015	C. Purchase power and wheeling.......................	82,500	-80,218	2,282	—	82,500
461020	Unobligated balances..............................	-30,300	—	-30,300	—	-30,300
461022	Addback of proposed rescission....................	—	—	—	—	—
461023	General reduction.................................	-10,000	—	-10,000	70	-9,930
461024	Transfer from other accounts(permanent authorit	—	—	—	—	—
461030	TOTAL WESTERN AREA POWER ADMINISTRATION..............	197,500	-160,518	36,982	-1,590	195,910
481000	EMERGENCY FUND - WESTERN AREA POWER ADMINISTRATION					
481003	I. Emergency fund....................................	—	—	—	—	—
481006	TOTAL WESTERN AREA POWER ADMIN EMERGENCY FUND.........	—	—	—	—	—
500000	WESTERN AREA POWER ADMINISTRATION - COLORADO RIVER					
500003	BASIN POWER MARKETING FUND					
500006	I. Power marketing - Colorado River Basin					
500009	A. Operation and maintenance (non-add)...............	(87,000)	(-87,000)	—	—	(87,000)
500020	TOTAL POWER MARKETING - COLORADO RIVER BASIN.........	87,000	-87,000	—	—	87,000
590050	TOTAL, WESTERN AREA POWER ADMINISTRATION..............	197,500	-160,518	36,982	-1,590	195,910
599950	WESTERN AREA POWER ADMINISTRATION OUTLAYS					
599952	Construction, rehabilitation, operation & maintenance..	270,337	-237,793	32,544	-1,399	268,938
599955	Colorado river basins................................	-55,815	63,459	7,644	-329	-56,144
599956	Emergency fund.......................................	—	—	—	—	—
599960	Total, Western area power administration outlays......	214,522	-174,334	40,188	-1,728	212,794

[illegible]
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
529990	FEDERAL ENERGY REGULATORY COMMISSION					
529905	I. Oil pipeline regulation	4,113	—	4,113	-157	3,956
529925	II. Natural gas regulation					
529930	A. Pipeline certificate regulation	13,232	—	13,232	-635	12,597
529935	B. Pipeline rate regulation	16,694	—	16,694	-809	15,885
529940	C. Producer certificate regulation	2,070	—	2,070	-96	1,974
529945	D. Producer rate regulation	2,050	—	2,050	-105	1,945
529950	E. Wellhead pricing	6,090	—	6,090	-277	5,813
529970	Subtotal, Natural gas regulation	40,136	—	40,136	-1,922	38,214
529980	III. Hydropower regulation	30,705	—	30,705	-1,203	29,502
529988	IV. Electric power regulation	20,606	—	20,606	-819	19,787
529993	SUBTOTAL, FEDERAL ENERGY REGULATORY COMMISSION	95,560	—	95,560	-4,101	91,459
529995	Adjustments:					
529996	Addback of proposed rescission	—	—	—	—	—
529997	General reduction	—	—	—	—	—
529999	Less non cost approp.	—	—	—	—	—
530005	Less offsetting revenues	-49,470	—	-49,470	—	-49,470
530010	Total, adjustments	-49,470	—	-49,470	—	-49,470
530015	TOTAL, FERC AFTER REVENUES	46,090	—	46,090	-4,101	41,989
529970	F E R C OUTLAYS					
529980	F E R C OUTLAYS	48,164	-6,527	41,637	-3,958	44,206

RHEVER

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

NUCLEAR WASTE

PAGE 97

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
500000	NUCLEAR WASTE DISPOSAL FUND					
500005	I. Nuclear waste disposal fund........................	521.460	——	521.460	-22.423	499.037
500010	TOTAL NUCLEAR WASTE DISPOSAL FUND......................	521.460	——	521.460	-22.423	499.037
500030	NUCLEAR WASTE FUND OUTLAYS					
500080	NUCLEAR WASTE FUND....................................	316.150	-191.551	124.599	-13.950	302.200

RHEVER

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

GRDF

PAGE 98

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
500000	GEOTHERMAL RESOURCES DEVELOPMENT FUND					
500007	I. Interest differential Payments................	——	——	——	——	——
500009	II. Program direction............................	72	——	72	-3	69
500019	III. Loan evaluation.............................	——	——	——	——	——
500027	TOTAL GEOTHERMAL RESOURCES DEVELOPMENT FUND............	72	——	72	-3	69
500020	GEOTHERMAL RESOURCES DEV. FUND OUTLAYS					
500080	GEOTHERMAL RESOURCES DEVELOPMENT FUND.................	15.311	-15.239	72	-3	15.308

PAG09R
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

SPEC FOR. CURR.
PAGE 89

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
571090	SPECIAL FOREIGN CURRENCY					
571093	I. International affairs	—	—	—	—	—
571096	TOTAL SPECIAL FOREIGN CURRENCY	—	—	—	—	—

PAG09R
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAGE 90

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
600009	ALTERNATE FUELS					
600093	Alternate fuels production	—	—	—	—	—
600073	Total, Alternate fuels production	—	—	—	—	—
609920	ALTERNATIVE FUELS PRODUCTION OUTLAYS					
609999	ALTERNATIVE FUELS PRODUCTION - PE (APP)	72,741	-72,539	202	-9	72,732

RACEUR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
620000	CLEAN COAL TECHNOLOGY RESERVE					
620099	I. Base program - House - FY 1986	(99,000)	(-99,000)	——	——	(99,000)
620091	Base program - Senate - FY 1986	——	——	——	——	——
620200	II. Advance appropriation - FY 1987	(149,300)	(-149,300)	——	——	(149,300)
620500	III. Advance appropriation - FY 1988	(149,300)	(-149,300)	——	——	(149,300)
620599	IV. Advance appropriation - FY 1989	——	——	——	——	——
620400	TOTAL, CLEAN COAL TECHNOLOGY RESERVE	(397,600)	(-397,600)	——	——	(397,600)

[illegible]
[illegible]

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

FOSSIL ENERGY
PAGE 92

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
[illegible]	FOSSIL ENERGY RESEARCH AND DEVELOPMENT					
[illegible]	I. Coal					
[illegible]	A. Control technology and coal preparation					
[illegible]	1. Coal preparation and analysis	13,135	—	13,135	-530	12,605
[illegible]	2. Flue gas clean-up	11,296	—	11,296	-400	10,896
[illegible]	3. Gas stream clean-up	7,309	—	7,309	-296	7,013
[illegible]	4. Waste management technology	1,209	—	1,209	-48	1,161
[illegible]	Subtotal Control tech. and coal preparation	32,949	—	32,949	-1,274	31,675
[illegible]	B. Advanced research and technology development					
[illegible]	1. Adv. research and tech. development	29,119	—	29,119	-1,159	27,960
[illegible]	2. University coal research	5,852	—	5,852	-230	5,622
[illegible]	Subtotal Advanced research and tech. development	34,971	—	34,971	-1,389	33,582
[illegible]	C. Coal liquefaction					
[illegible]	1. Advanced research	5,090	—	5,090	-211	4,879
[illegible]	2. Advanced process development	13,092	—	13,092	-523	12,569
[illegible]	3. Indirect liquefaction	9,479	—	9,479	-380	9,099
[illegible]	4. Support studies and engineering evaluations	4,289	—	4,289	-177	4,112
[illegible]	Subtotal Coal liquefaction	31,950	—	31,950	-1,291	30,659
[illegible]	D. Combustion systems					
[illegible]	1. Atmospheric fluidized beds	17,235	—	17,235	-677	16,558
[illegible]	2. Pressurized fluidized beds	5,231	—	5,231	-207	5,024
[illegible]	3. Advanced combustion technology	3,518	—	3,518	-139	3,379
[illegible]	4. Alternative fuels utilization	4,162	—	4,162	-166	3,996
[illegible]	Subtotal Combustion systems	30,146	—	30,146	-1,189	28,957
[illegible]	E. Fuel cells					
[illegible]	1. Phosphoric acid systems	21,107	—	21,107	-832	20,275
[illegible]	2. Molten carbonate systems	10,339	—	10,339	-406	9,933
[illegible]	3. Advanced concepts	3,920	—	3,920	-150	3,770
[illegible]	Subtotal Fuel cells	35,409	—	35,409	-1,392	34,017

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
059270	F. Heat engines					
059275	1. Heat engines....................................	13,017	——	13,017	-513	12,504
059295	Subtotal Heat engines................................	13,017	——	13,017	-513	12,504
059300	G. Underground coal gasification					
059305	1. Underground coal gasification..................	4,238	——	4,238	-166	4,072
059315	Subtotal Underground coal gasification.............	4,238	——	4,238	-166	4,072
059320	H. Magnetohydrodynamics					
059325	1. Magnetohydrodynamics..........................	28,850	——	28,850	-1,133	27,717
059335	Subtotal Magnetohydrodynamics......................	28,850	——	28,850	-1,133	27,717
059340	I. Surface coal gasification					
059343	1. Advanced research..............................	3,487	——	3,487	-138	3,349
059345	2. Advanced process development..................	5,417	——	5,417	-213	5,204
059350	3. Systems engineering concepts..................	29,091	——	29,091	-1,142	27,949
059355	4. Environmental and engineering analysis.......	2,199	——	2,199	-86	2,113
059375	5. Great Plains Gasification Project.............	2,761	——	2,761	-108	2,653
059385	Subtotal Surface coal gasification..................	42,955	——	42,955	-1,687	41,268
059390	Total Coal...	254,109	——	254,109	-9,973	244,136
059405	(Coal - operating expenses)........................	(254,109)	——	(254,109)	(-9,973)	(244,136)
059410	(Coal - capital equipment).........................	——	——	——	——	——
059415	(Coal - construction)..............................	——	——	——	——	——

[illegible] DEPARTMENT OF ENERGY FOSSIL ENERGY
17:14 2/11/86 FY 1986 BUDGET BY APPROPRIATION PAGE 94
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
[illegible]	II. Petroleum					
[illegible]	A. Advanced process technology					
[illegible]	1. Advanced exploratory research..................	4,669	—	4,669	-183	4,486
[illegible]	2. Arctic and offshore research..................	1,079	—	1,079	-42	1,037
[illegible]	Subtotal, Advanced process technology..............	5,748	—	5,748	-225	5,523
[illegible]	B. Enhanced oil recovery					
[illegible]	1. Heavy oil....................................	2,869	—	2,869	-113	2,756
[illegible]	2. Light oil....................................	7,683	—	7,683	-302	7,381
[illegible]	3. Tar sands....................................	1,371	—	1,371	-54	1,317
[illegible]	Subtotal, Enhanced oil recovery.....................	11,923	—	11,923	-469	11,454
[illegible]	C. Oil shale..	12,632	—	12,632	-496	12,136
[illegible]	Total Petroleum..	30,303	—	30,303	-1,190	29,113
[illegible]	III. Gas					
[illegible]	A. Unconventional gas recovery........................	8,870	—	8,870	-347	8,523
[illegible]	IV. Program direction and management support					
[illegible]	A. Headquarters program direction.....................	13,007	—	13,007	-507	12,500
[illegible]	B. ETC Program direction.............................	37,995	—	37,995	-1,495	36,500
[illegible]	C. Capital equipment..................................	2,982	—	2,982	-117	2,865
[illegible]	Federal Inspector for the Alaska Gas Pipeline..........	532	—	532	-21	511
[illegible]	Employment floors......................................	5,274	—	5,274	—	5,274
[illegible]	D. Construction					
[illegible]	86-F-300 GPP..	3,869	—	3,869	-137	3,732
[illegible]	83-F-502 General plant projects.....................	—	—	—	—	—
[illegible]	84-FE-300 General plant projects....................	—	—	—	—	—
[illegible]	83-F-501 Wastewater treatment Facility, Morgantown, WV........................	—	—	—	—	—
[illegible]	82-F-506 Surface water containment, PETC.........	—	—	—	—	—
[illegible]	Prior year projects..................................	—	—	—	—	—
[illegible]	Subtotal, Construction...............................	3,869	—	3,869	-137	3,732
[illegible]	Subtotal, Policy and management......................	63,659	—	63,659	-2,437	61,222
[illegible]	SUBTOTAL FOSSIL ENERGY RESEARCH & DEVELOPMENT..........	757,998	—	757,998	-14,017	743,981

[illegible] DEPARTMENT OF ENERGY FOSSIL ENERGY
FY 1986 BUDGET BY APPROPRIATION
[illegible] 3/11/86 (DOLLARS IN THOUSANDS) PAGE [illegible]

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
059590	Transfer from Energy Security Reserve	-2,775	—	-2,775	—	-2,775
059595	Transfer from Alternative Fuels Production	-2,400	—	-2,400	—	-2,400
059600	Transfer from Naval Petroleum Reserve	—	—	—	—	—
059602	Transfer from Fossil Energy Construction	-8,239	—	-8,239	—	-8,239
059625	Use of unobligated balances	-18,495	—	-18,495	—	-18,495
059630	Prior year effect	—	—	—	—	—
059635	Savings from management initiatives-(FE) PE	—	—	—	—	—
059642	Advance appropriation made in FY 1984	—	—	—	—	—
059645	For reduction	—	—	—	—	—
059650	TOTAL, FOSSIL RESEARCH AND DEVELOPMENT	325,941	—	325,941	-14,017	311,924
059655	(Operating expenses)	(327,750)	—	(327,750)	(-13,763)	(313,987)
059660	(Capital equipment)	(2,952)	—	(2,952)	(-117)	(2,835)
059665	(Construction)	(-4,761)	—	(-4,761)	(-137)	(-4,898)

059720 FOSSIL ENERGY OUTLAYS

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
059900	FOSSIL ENERGY OUTLAYS	397,150	-299,359	97,791	-4,205	93,586

[illegible] DEPARTMENT OF ENERGY RPGS[illegible]
FY 1986 SUMMARY OF APPROPRIATION
[illegible] (DOLLARS IN THOUSANDS) PAGE 96

Line No.	Account Title	FY 1986 Appropriation	Adjustments	G-R-H Baseline	G-R-H Reduction	FY 1986 Post G-R-H
[illegible]	NAVAL PETROLEUM & OIL SHALE RESERVES					
[illegible]	I. Petroleum reserves					
[illegible]	A. Naval petroleum reserves					
[illegible]	1. Reserves 1 and 2 (California)	130,736	—	130,736	-93	130,643
[illegible]	2. Reserve 3 (Wyoming)	29,179	—	29,179	-87	29,092
[illegible]	3. Program direction	5,656	—	5,656	-229	5,427
[illegible]	Subtotal Naval petroleum reserves	165,571	—	165,571	-409	165,162
[illegible]	II. Naval oil shale reserves					
[illegible]	1. Naval oil shale reserves	3,863	—	3,863	-166	3,697
[illegible]	Subtotal Naval oil shale reserves	3,863	—	3,863	-166	3,697
[illegible]	SUBTOTAL NAVAL PETROLEUM & OIL SHALE RESERVES	169,434	—	169,434	-575	168,859
[illegible]	Use of prior year balances	-155,840	—	-155,840	—	-155,840
[illegible]	Savings from management initiatives	—	—	—	—	—
[illegible]	Pay restoration	—	—	—	—	—
[illegible]	TOTAL NAVAL PETROLEUM & OIL SHALE RESERVES	13,594	—	13,594	-575	13,019
[illegible]	NAVAL PETROLEUM & OIL SHALE RES. OUTLAYS					
[illegible]	NAVAL PETROLEUM AND OIL SHALE RESERVES	164,000	-154,599	9,401	-421	163,579

[illegible] DEPARTMENT OF ENERGY ENERGY [illegible]
FY 1986 BUDGET BY APPROPRIATION
17:24 2/11/86 (DOLLARS IN THOUSANDS) PAGE 97

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
750000	ENERGY CONSERVATION					
750005	I. Buildings and community systems					
750010	A. Building systems	12,922	———	12,922	-543	12,379
750015	B. Community systems	3,980	———	3,980	-167	3,813
750020	C. Urban waste	———	———	———	———	———
750025	D. Technology and consumer products	10,737	———	10,737	-452	10,285
750030	E. Analysis and technology transfer	2,777	———	2,777	-119	2,658
750035	F. Appliance standards	1,998	———	1,998	-82	1,916
750040	G. Small business	———	———	———	———	———
750045	H. Residential Conservation Service	398	———	398	-17	381
750050	I. Federal Energy Management Program	1,267	———	1,267	-53	1,214
750055	J. Capital equipment	1,998	———	1,998	-82	1,916
750060	K. Program direction	3,181	———	3,181	-160	3,021
750100	Total Buildings and community systems	39,198	———	39,198	-1,675	37,523
750115	II. Industrial					
750120	A. Waste energy reduction	11,930	———	11,930	-498	11,432
750125	B. Process efficiency	20,891	———	20,891	-879	20,012
750127	C. Cogeneration	4,675	———	4,675	-197	4,478
750130	D. Implementation and deployment	3,181	———	3,181	-134	3,047
750145	E. Capital equipment	———	———	———	———	———
750147	F. Program direction	1,915	———	1,915	-90	1,825
750150	Total Industrial	42,592	———	42,592	-1,798	40,794
750155	III. Transportation					
750160	A. Vehicle propulsion R&D	34,268	———	34,268	-1,442	32,826
750162	B. Alternative fuels utilization	1,599	———	1,599	-67	1,532
750165	C. Electric and hybrid vehicle R&D	9,179	———	9,179	-386	8,793
750170	D. Transportation systems utilization	947	———	947	-40	907
750177	E. Advanced materials development	9,234	———	9,234	-388	8,846
750178	F. High temperature materials lab (86-CE-801)	2,995	———	2,995	-126	2,869
750179	G. Capital equipment	———	———	———	———	———
750180	H. Program direction	1,705	———	1,705	-97	1,608
750190	Total Transportation	59,969	———	59,969	-2,546	57,423

PAEDOR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

ENERGY CONSERV
PAGE 99

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
750250	IV. Multi-sector					
750255	A. Energy conversion technology....................	19,328	——	19,328	-813	18,515
750260	B. Inventors programs..............................	4,970	——	4,970	-209	4,761
750267	C. National Appropriate Tech. Assistance Service...	1,491	——	1,491	-63	1,428
750269	D. Capital equipment...............................	994	——	994	-42	952
750270	E. Program direction...............................	532	——	532	-22	510
750277	Total Multi-sector.................................	27,315	——	27,315	-1,149	26,166
750278	V. Policy and management........................	1,292	——	1,292	-76	1,216
750279	VI. Policy analysis................................	——	——	——	——	——
750280	VII. Facilities....................................	10,262	——	10,262	-432	9,830
750281	VIII. Energy impact assistance.....................	——	——	——	——	——
750282	Subtotal, Conservation research and development.......	180,622	——	180,622	-7,679	172,943
750283	II. State and local					
750284	A. EPCA grant program..............................	18,769	——	18,769	-786	17,983
750286	B. Energy extension service........................	7,794	——	7,794	-328	7,466
750288	C. Schools and hospitals grant program............	46,859	——	46,859	-1,971	44,888
750290	D. Weatherization assistance program...............	190,000	——	190,000	-7,996	182,004
750295	E. Evaluation of state and local energy savings....	——	——	——	——	——
750296	F. Territories assistance..........................	497	——	497	-21	476
750297	G. Program direction...............................	8,443	——	8,443	-428	8,015
750298	Total State and local..............................	272,362	——	272,362	-11,530	260,832
750306	SUBTOTAL, ENERGY CONSERVATION........................	452,984	——	452,984	-19,209	433,775
750332	Transfer from petroleum overcharge account............	——	——	——	——	——
750333	Use of prior year balances............................	——	——	——	——	——
750334	Savings from management initiatives...................	-9,880	——	-9,880	——	-9,880
750338	Employment floors.....................................	3,617	——	3,617	——	3,617
750339	Pay restoration.......................................	——	——	——	——	——
750340	TOTAL, ENERGY CONSERVATION............................	446,721	------	446,721	-19,209	427,512
759960	ENERGY CONSERVATION OUTLAYS					
759965	ENERGY CONSERVATION R&D OUTLAYS.......................	438,931	-327,652	111,279	-4,785	434,146

RHESSR
DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
17:14 2/11/86
(DOLLARS IN THOUSANDS)
PAGE 99

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
759970	ENERGY CONSERVATION GRANTS OUTLAYS....................	———	———	———	———	———
759980	TOTAL, ENERGY CONSERVATION OUTLAYS....................	438,931	-327,652	111,279	-4,785	434,146

RHESSR
DEPARTMENT OF ENERGY
EMER. PREP.
FY 1986 BUDGET BY APPROPRIATION
17:14 2/11/86
(DOLLARS IN THOUSANDS)
PAGE 100

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
800000	ECONOMIC REGULATION					
800010	I. Economic Regulatory Administration					
800015	A. Compliance....................................	14,922	———	14,922	-641	14,281
800020	B. Fuels conversion..................................	1,193	———	1,193	-51	1,142
800025	C. Natural gas and electricity operations..........	2,173	———	2,173	-94	2,079
800030	D. Program administration..........................	675	———	675	-29	646
800040	Subtotal, Economic Regulatory Administration..........	18,963	———	18,963	-815	18,148
800070	II. Office of Hearings and Appeals....................	5,512	———	5,512	-237	5,275
800075	Total, Economic Regulation............................	24,475	———	24,475	-1,052	23,423
800078	Pay restoration..	———	———	———	———	———
800095	Total, Economic regulation............................	24,475	———	24,475	-1,052	23,423
899960	EMER. PREP. & ENERGY REGULATION OUTLAYS					
899967	Economic regulation outlays........................	25,000	-9,575	15,425	-663	24,337
899968	Office of hearings and appeals outlays..........	———	———	———	———	———
899980	TOTAL, ENERGY REG. OUTLAYS............................	25,000	-9,575	15,425	-663	24,337

PHEOOR

17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
020000	EMERGENCY PREPAREDNESS					
020005	I. Emergency preparedness.............................	6,000	-----	6,000	-250	5,750
020015	Pay restoration......................................	-----	-----	-----	-----	-----
020095	Total, Emergency preparedness....................	6,000	-----	6,000	-250	5,750
029960	EMERGENCY PREPAREDNESS OUTLAYS					
029965	Emergency preparedness outlays.......................	4,800	-592	4,208	-181	4,619
029970	Total, Emergency preparedness outlays................	4,800	-592	4,208	-181	4,619

RAE09R DEPARTMENT OF ENERGY S P R
FY 1986 BUDGET BY APPROPRIATION
17:14 2/11/86 (DOLLARS IN THOUSANDS) PAGE 192

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
050000	STRATEGIC PETROLEUM RESERVE					
050005	I. Strategic Petroleum Reserve (On-Budget)					
050015	A. Planning..	4,544	——	4,544	-189	4,355
050025	B. Storage facilities development					
050030	1. Phase I - existing sites..........................	——	——	——	——	——
050035	2. Phase II - expansion sites........................	——	——	——	——	——
050040	3. Phase III - new sites.............................	156,414	——	156,414	——	156,414
050045	4. Non-phase specific................................	210,365	——	210,365	-4,225	206,140
050050	C. Program direction.................................	11,726	——	11,726	-418	11,308
050053	D. FY 1984 supplemental to be used in FY 1985......	——	——	——	——	——
050054	Subtotal, SPR (On-Budget)..............................	383,049	——	383,049	-4,832	378,217
050055	Less use of prior year balances................	-270,684	——	-270,684	——	-270,684
050056	Pay restoration......................................	——	——	——	——	——
050057	Total, Strategic Petroleum Reserve (On-Budget)........	112,365	——	112,365	-4,832	107,533
050059	II. Petroleum acquisition and trans. (Off-Budget).....	——	——	——	——	——
050090	TOTAL, STRATEGIC PETROLEUM RESERVE....................	112,365	——	112,365	-4,832	107,533
059960	STRATEGIC PETROLEUM RESERVE OUTLAYS					
059965	ON-BUDGET SPR..	250,571	-200,022	50,549	-2,174	248,397
059970	OFF-BUDGET SPR...	262,950	-262,950	——	——	262,950
059980	TOTAL, STRATEGIC PETROLEUM RESERVE OUTLAYS............	513,521	-462,972	50,549	-2,174	511,347

RNEGSR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

E I A
PAGE 103

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
900000	ENERGY INFORMATION ACTIVITIES					
900005	I. Collection, Production, and Analysis					
900010	A. Oil and Gas....................................	12,756	——	12,756	-489	12,267
900015	B. Coal, Nuclear, Electric and Alternate............	4,208	——	4,208	-296	3,912
900020	C. Energy markets and End use......................	4,573	——	4,573	-211	4,362
900025	D. Program direction................................	16,653	——	16,653	-646	16,007
900030	Subtotal, Collection production and Analysis..........	38,190	——	38,190	-1,642	36,548
900035	II. Program services					
900040	A. Information Management Services..................	9,762	——	9,762	-426	9,336
900045	B. Energy Information Center........................	766	——	766	-33	733
900050	C. Statistical Standards............................	919	——	919	-40	879
900055	D. Program direction................................	2,611	——	2,611	-106	2,505
900060	Subtotal Program services............................	14,058	——	14,058	-605	13,453
900070	III. Policy and management					
900075	A. Program direction................................	1,486	——	1,486	-217	1,269
900080	B. Program support..................................	6,584	——	6,584	-130	6,454
900085	Subtotal, Policy and management.......................	8,070	——	8,070	-347	7,723
900087	Subtotal Energy information...........................	60,318	——	60,318	-2,594	57,724
900097	Pay restoration...	——	——	——	——	——
900100	TOTAL ENERGY INFORMATION ACTIVITIES...................	60,318	——	60,318	-2,594	57,724
999960	ENERGY INFORMATION ADMIN. OUTLAYS					
999980	ENERGY INFORMATION ADMIN OUTLAYS......................	62,424	-23,487	38,937	-1,674	60,750

PAEDGR
17:14 2/11/86

DEPARTMENT OF ENERGY
FY 1986 BUDGET BY APPROPRIATION
(DOLLARS IN THOUSANDS)

PAY. TO STATES
PAGE 104

Line No.	Account Title	FY 1986 APPROPRIATION	ADJUSTMENTS	G-R-H BASELINE	G-R-H REDUCTION	FY 1986 POST G-R-H
921000	PAYMENTS TO STATES					
921005	I. Payments to states..............................	570	-570	—	—	570
921025	TOTAL PAYMENTS TO STATES..............................	570	-570	—	—	570
929920	PAYMENTS TO STATES OUTLAYS					
929980	PAYMENTS TO STATES...........................	570	-570	—	—	570

Supplementals, Rescissions and Deferrals

Question 2: Would you provide for the record a list by appropriations account of any anticipated fiscal year 1986 requests for rescissions, deferrals, or supplemental appropriation, including a description of the status of each item?

Answer: The Department currently has one FY 1986 supplemental appropriation request pending in the Alternative Fuels Production appropriation ($1,020,360,322). This request is to provide for repayment of principal and interest on notes issued to the Secretary of the Treasury by the Secretary of Energy. There are no rescission proposals pending for the Department.

The President's FY 1987 budget proposes deferrals in several appropriation accounts for FY 1986. Amounts deferred are to be used to help finance the FY 1987 budget proposals. The attached table lists deferrals currently proposed for the Department and included in the FY 1987 budget.

2/4/86

Department of Energy
Proposed FY 1986 Deferrals
(Dollars in Thousands)

Energy Supply R&D		
Solar Energy		
Photovoltaics	$ 4,019	
Wind Energy	10,240	
Ocean	1,436	
International Solar	762	
Solar Program Support	195	
Subtotal, Solar	$16,652	
Renewables		
Electric Energy Systems	1,914	
Energy Storage Systems	1,914	
Geothermal	2,871	
Subtotal, Renewables	6,699	
Subtotal, Solar and Renewables		$ 23,351
Basic Energy Sciences		38,489
Energy Applications (In-House Energy Mgmt.)		3,923
Subtotal, Energy Supply R&D		65,763
Departmental Administration		393 *
Energy Conservation		
Buildings and Community Services		3,500
Industry		7,361
Transportation		8,836
Multi-Sector		713
Facility - Northwestern Univ.		9,816
Other FY 1985 Unobligated Balances		6,556
Subtotal, Energy Conservation		36,782 *
Uranium Enrichment		
Terminate GCEP	434,757	
Reduced ORGDP Costs	149,401	
Subtotal, Uranium Enrichment		584,158
Fossil Energy		
Control Tech., & Coal Prep.	4,874	
Advanced Res. & Tech. Dev.	2,096	
Coal Liquefaction	6,330	
Combustion Systems	951	
Fuel Cells	22,056	
Heat Engines & Heat Rec.	1,428	
Magnetohydrodynamics	13,130	
Surface Coal Gasification	8,008	
Oil Shale	2,856	
Program Direction	476	
Unobligated & Prior Year Deob.	4,681	
Subtotal, Fossil Energy		66,886
Naval Petroleum Reserve		36,461
Power Marketing Administrations		
Alaska Power Administration	400 *	
Southwestern Power Admin.	13,243	
Southeastern Power Admin.	2,089 *	
Western Area Power Admin.	43,466 *	
Subtotal, Power Administration		59,198
Strategic Petroleum Reserve		
On-budget (facilities)	197,941	
Off-budget (oil purchase)	577,534	
Subtotal, Strategic Petroleum Res.		775,475
Total, Proposed FY 1986 Deferrals		$1,625,116

* Currently under review at the Office of Management and Budget. Will be transmitted at a later date.

FY 1987 Budget History Data

Question 3:	Would you supply for the record a baseline table for fiscal year 1987 (commonly referred to as the Holifield table), indicating the fiscal year 1987 requests (a) made for each program by the Assistant Secretary or agency of the Secretary, (b) made by the Department to OMB, and (c) included in the President's proposed budget?
Answer:	A table reflecting the requested information is attached.

Attachment to Question 3

RALBNT

15:34 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE ...*	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
999100	SUMMARY BY APPROPRIATION:				
999115	ENERGY SUPPLY R&D	1,696,290	2,442,293	2,200,011	1,254,162
999125	URANIUM ENRICHMENT	190,512	——	——	——
999110	GENERAL SCIENCE	655,920	849,470	700,200	773,000
999105	ATOMIC ENERGY	7,231,664	9,197,200	8,397,600	8,230,000
999215	DEPARTMENTAL ADMINISTRATION	150,319	244,537	100,302	151,082
999164	POWER MARKETING ADMINISTRATIONS:				
999165	ALASKA POWER ADMINISTRATION	3,245	3,610	3,361	2,881
999170	BONNEVILLE POWER ADMINISTRATION	330,000	304,900	276,100	276,100
999175	SOUTHEASTERN POWER O&M	——	27,064	15,736	19,647
999180	SOUTHEASTERN CONT. FUND	——	——	——	——
999185	SOUTHWESTERN POWER O&M	29,191	49,336	38,500	25,337
999190	SOUTHWESTERN POWER CONT. FUND	——	——	——	——
999195	WESTERN AREA POWER O&M	195,910	295,500	283,775	240,309
999200	WAPA EMERGENCY FUND	——	——	——	——
999205	COLORADO RIVER BASIN	——	——	——	——
999206	TOTAL, POWER MARKETING ADMINISTRATIONS	558,346	675,420	617,472	564,274
999155	FERC SALARIES AND EXPENSES	41,909	13,450	23,325	20,325
999136	NUCLEAR WASTE FUND	499,037	904,049	799,349	769,349
999160	GEOTHERMAL RESOURCES	69	1,500	72	72
999161	SPECIAL FOREIGN CURRENCY	——	——	——	——
999137	ALTERNATIVE FUELS PRODUCTION	——	——	——	——
909162	CLEAN COAL TECHNOLOGY	——	——	——	——
999120	FOSSIL ENERGY	311,954	335,797	270,100	82,767
999130	NAVAL PETROLEUM AND OIL SHALE RESERVES	13,002	165,069	127,100	127,100
999135	ENERGY CONSERVATION	427,512	224,312	177,131	39,433
999150	ENERGY REGULATION	23,423	23,314	23,764	21,050
999149	EMERGENCY PREPAREDNESS	5,750	6,459	6,459	6,044
999140	STRATEGIC PETROLEUM RESERVE	107,533	174,000	161,499	——
999145	ENERGY INFORMATION ACTIVITIES	57,724	64,902	59,651	59,651
999147	PAYMENTS TO STATES	570	570	570	570
999153	UNALLOCATED OMB TARGET	——	——	——	——
909050	SUBTOTAL DOE	11,971,630	15,534,230	14,121,413	12,130,087
909051	PROPOSED LEGISLATION - PRIVATIZATION OF NPR	——	——	——	-78,785
909052	TOTAL DOE	11,971,630	15,534,230	14,121,413	12,051,302

PHLBNT I

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
600000	RECEIPTS				
600010	NAVAL PETROLEUM RESERVE..................................	-831,152	-1,055,969	-1,039,000	-1,011,809
600012	POWER MARKETING ADMINISTRATION.........................	-602,227	-703,716	-689,906	-690,182
600016	WASTE DISPOSAL FUND.......................................	-380,900	-457,400	-459,900	-423,000
600018	NWF - INTEREST REALIZED..................................	-110,000	-38,900	-114,000	-115,000
600025	OTHER...	-10,500	-6,600	-6,600	-6,600
600030	TOTAL RECEIPTS..	-2,022,779	-2,261,685	-2,311,906	-2,246,591
600035	TOTAL DOE LESS RECEIPTS...................................	9,940,051	13,272,545	11,010,407	9,774,711
600070	ADVANCES FOR COOPERATIVE WORK				
600071	ADVANCES FOR COOPERATIVE WORK.........................	125,044	73,332	86,450	86,450
600073	PROPRIETARY RECEIPTS FROM THE PUBLIC................	-125,044	-73,332	-86,450	-86,450
600074	TOTAL, ADVANCES FOR COOPERATIVE WORK..................	----	----	----	----

BULBRT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 1

A/S CODE	ACCOUNT TITLE	FY 1986 ** FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
992000	ENERGY SUPPLY R&D				
70010	SOLAR ENERGY				
70013	SOLAR BUILDINGS ENERGY SYSTEMS				
70014	OPERATING EXPENSES..................................	7.700	13.000	10.200	4.700
70015	PLANT AND CAPITAL EQUIPMENT........................	405	500	——	——
70016	TOTAL, SOLAR BUILDINGS ENERGY SYSTEMS................	8.101	13.500	10.200	4.700
70049	PHOTOVOLTAIC ENERGY SYSTEMS				
70050	OPERATING EXPENSES..................................	39.523	44.500	42.750	19.600
70051	PLANT AND CAPITAL EQUIPMENT........................	1.155	3.500	1.500	1.000
70052	TOTAL, PHOTOVOLTAIC ENERGY SYSTEMS..................	40.678	48.000	44.250	20.600
70089	SOLAR THERMAL ENERGY SYSTEMS				
70090	OPERATING EXPENSES..................................	25.596	28.700	26.175	15.300
70091	PLANT AND CAPITAL EQUIPMENT........................	289	300	300	——
70092	TOTAL, SOLAR THERMAL ENERGY SYSTEMS..................	25.885	29.000	26.475	15.300
70099	BIOFUELS ENERGY SYSTEMS				
70100	OPERATING EXPENSES..................................	26.749	30.400	28.200	11.600
70101	PLANT AND CAPITAL EQUIPMENT........................	577	600	600	600
70102	TOTAL, BIOFUELS ENERGY SYSTEMS......................	27.326	31.000	28.800	12.200
70139	WIND ENERGY SYSTEMS				
70140	OPERATING EXPENSES..................................	24.055	20.700	14.700	8.080
70141	PLANT AND CAPITAL EQUIPMENT........................	770	1.300	1.300	170
70142	TOTAL, WIND ENERGY SYSTEMS..........................	24.825	22.000	16.000	8.250
70149	OCEAN ENERGY SYSTEMS				
70150	OPERATING EXPENSES..................................	4.011	6.500	4.750	2.500
70151	PLANT AND CAPITAL EQUIPMENT........................	——	——	——	——
70152	TOTAL, OCEAN ENERGY SYSTEMS..........................	4.011	6.500	4.750	2.500
70259	INTERNATIONAL SOLAR ENERGY PROGRAM				
70260	OPERATING EXPENSES..................................	962	700	500	500
70261	PLANT AND CAPITAL EQUIPMENT........................	——	——	——	——
70262	TOTAL, INTERNATIONAL SOLAR ENERGY PROGRAM...........	962	700	500	500

RALDAT

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 2

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
70269	SOLAR TECHNOLOGY TRANSFER				
70270	OPERATING EXPENSES..................................	2,983	4,950	3,950	1,950
70271	PLANT AND CAPITAL EQUIPMENT.......................	-----	50	50	50
70272	TOTAL, SOLAR TECHNOLOGY TRANSFER...................	2,983	5,000	4,000	2,000
70279	SOLAR ENERGY RESEARCH INSTITUTE				
70280	OPERATING EXPENSES..................................	-----	450	-----	-----
70281	PLANT AND CAPITAL EQUIPMENT.......................	2,244	10,550	1,500	545
70282	TOTAL, SOLAR ENERGY RESEARCH INSTITUTE..............	2,244	11,000	1,500	545
70283	PROGRAM SUPPORT.......................................	1,251	1,500	1,300	897
70285	RESOURCE ASSESSMENT..................................				
70286	OPERATING EXPENSES..................................	922	1,500	1,000	700
70287	PLANT AND CAPITAL EQUIPMENT.......................	40	-----	-----	-----
70288	TOTAL, RESOURCE ASSESSMENT...........................	962	1,500	1,000	700
70290	PROGRAM DIRECTION - OTHER SOLAR ENERGY..............	4,516	5,300	5,000	4,100
70300	SUBTOTAL, SOLAR ENERGY................................	144,624	175,000	143,775	72,292
70313	GEOTHERMAL				
70314	OPERATING EXPENSES..................................	26,200	29,600	26,475	17,530
70315	PLANT AND CAPITAL EQUIPMENT.......................	401	500	500	-----
70316	TOTAL, GEOTHERMAL.....................................	26,601	30,100	26,975	17,530
70317	HYDROPOWER				
70318	OPERATING EXPENSES..................................	401	560	510	-----
70319	PLANT AND CAPITAL EQUIPMENT.......................	-----	-----	-----	-----
70320	TOTAL, HYDROPOWER.....................................	401	560	510	-----
70321	ELECTRIC ENERGY SYSTEMS				
70322	OPERATING EXPENSES..................................	11,540	18,725	10,209	7,619
70323	PLANT AND CAPITAL EQUIPMENT.......................	-----	550	200	-----
70324	TOTAL, ELECTRIC ENERGY SYSTEMS......................	11,540	19,275	10,409	7,619
70329	ENERGY STORAGE SYSTEMS				
70330	OPERATING EXPENSES..................................	17,100	18,260	15,550	8,600
70331	PLANT AND CAPITAL EQUIPMENT.......................	192	200	200	-----
70332	TOTAL, ENERGY STORAGE SYSTEMS.......................	17,292	18,460	15,750	8,600

RALBAT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 3

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
40003	NUCLEAR ENERGY R&D				
40004	OPERATING EXPENSES..............................	357.019	507.085	436.285	307.520
40005	PLANT AND CAPITAL EQUIPMENT.......................	18.665	26.900	25.100	23.380
40006	TOTAL, NUCLEAR ENERGY R&D...........................	375.684	533.985	461.385	330.900
40007	REMEDIAL ACTION AND WASTE TECHNOLOGY				
40008	OPERATING EXPENSES..............................	228.220	381.000	321.600	291.200
40009	PLANT AND CAPITAL EQUIPMENT.......................	1.827	10.400	7.200	2.900
40010	TOTAL, REMEDIAL ACTION AND WASTE TECHNOLOGY..........	230.047	391.400	328.800	294.100
40014	LIGHT WATER REACTOR				
40015	OPERATING EXPENSES..............................	—	—	—	—
40016	PLANT AND CAPITAL EQUIPMENT.......................	—	—	—	—
40017	TOTAL, LIGHT WATER REACTOR...........................	—	—	—	—
40020	ADVANCED CONVERTER				
40021	OPERATING EXPENSES..............................	—	—	—	—
40022	PLANT AND CAPITAL EQUIPMENT.......................	—	—	—	—
40023	TOTAL, ADVANCED CONVERTER............................	—	—	—	—
40026	ADVANCED BREEDER				
40027	OPERATING EXPENSES..............................	—	—	—	—
40028	PLANT AND CAPITAL EQUIPMENT.......................	—	—	—	—
40029	TOTAL, ADVANCED BREEDER..............................	—	—	—	—
40032	WATER COOLED BREEDER				
40033	OPERATING EXPENSES..............................	—	—	—	—
40034	PLANT AND CAPITAL EQUIPMENT.......................	—	—	—	—
40035	TOTAL, WATER COOLED BREEDER..........................	—	—	—	—
40038	CIVILIAN REACTOR DEV. PROGRAM SUPPORT				
40039	OPERATING EXPENSES..............................	—	—	—	—
40040	PLANT AND CAPITAL EQUIPMENT.......................	—	—	—	—
40041	TOTAL, CIV. REACTOR DEV. PROGRAM SUPPORT.............	—	—	—	—
40055	ADVANCED NUCLEAR SYSTEMS				
40057	OPERATING EXPENSES..............................	—	—	—	—
40063	PLANT AND CAPITAL EQUIPMENT.......................	—	—	—	—
40068	TOTAL, ADVANCED NUCLEAR SYSTEMS......................	—	—	—	—

RALBNT
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 4

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
40070	CONVERTER REACTOR SYSTEMS				
40071	OPERATING EXPENSES..................................	—	—	—	—
40072	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40073	TOTAL, CONVERTER REACTOR SYSTEMS....................	—	—	—	—
40079	BREEDER REACTOR SYSTEMS				
40080	OPERATING EXPENSES..................................	—	—	—	—
40081	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40082	TOTAL, BREEDER REACTOR SYSTEMS......................	—	—	—	—
40089	GENERAL REDUCTION...................................	—	—	—	—
40090	SUBTOTAL, NUCLEAR R&D ACTIVITIES....................	—	—	—	—
40092	NUCLEAR WASTE TECHNOLOGY				
40093	OPERATING EXPENSES..................................	—	—	—	—
40094	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40095	TOTAL, NUCLEAR WASTE TECHNOLOGY.....................	—	—	—	—
82010	CIVILIAN WASTE R & D				
82020	OPERATING EXPENSES..................................	13,091	20,550	19,325	6,500
82030	PLANT AND CAPITAL EQUIPMENT.........................	2,973	2,000	2,000	—
82040	TOTAL, CIVILIAN WASTE R & D.........................	16,064	22,550	21,325	6,500
40096	REMEDIAL ACTION				
40097	OPERATING EXPENSES..................................	—	—	—	—
40098	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40099	TOTAL, REMEDIAL ACTION..............................	—	—	—	—
40160	DEFENSE NUCLEAR ENERGY PROGRAM				
40161	OPERATING EXPENSES..................................	—	—	—	—
40162	PLANT AND CAPITAL EQUIPMENT.........................	—	—	—	—
40163	TOTAL DEFENSE NUCLEAR ENERGY PROGRAM................	—	—	—	—

RULDAT

13:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 5

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
130005	ENVIRONMENT, SAFETY, AND HEALTH				
130008	OPERATING EXPENSES..............................	45.478	46.964	73.998	73.998
130011	PLANT AND CAPITAL EQUIPMENT......................	1.443	2.575	2.100	2.100
130014	TOTAL, ENVIRONMENT, SAFETY, AND HEALTH...............	46.921	49.539	76.098	76.098
20002	BIOLOGICAL AND ENVIRONMENTAL RESEARCH				
20003	OPERATING EXPENSES..............................	169.366	220.830	187.438	184.565
20004	PLANT AND CAPITAL EQUIPMENT......................	10.584	28.400	13.127	12.000
20005	TOTAL, BIOLOGICAL AND ENVIRONMENTAL RESEARCH.........	179.950	249.230	200.565	196.565
50430	LIQUIFIED GASEOUS SPILL TEST FACILITY				
50435	OPERATING EXPENSES..............................	1.732	1.200	1.200	1.200
50440	PLANT AND CAPITAL EQUIPMENT......................	—	—	—	—
50445	TOTAL, LIQUIFIED GASEOUS SPILL TEST FACILITY.........	1.732	1.200	1.200	1.200
20049	MAGNETIC FUSION				
20050	OPERATING EXPENSES..............................	324.537	417.374	372.094	307.490
20051	PLANT AND CAPITAL EQUIPMENT......................	40.932	39.076	34.636	25.510
20052	TOTAL, MAGNETIC FUSION..............................	365.469	456.450	406.730	333.000
20055	BASIC ENERGY SCIENCES				
20056	OPERATING EXPENSES..............................	340.057	422.500	379.755	380.055
20057	PLANT AND CAPITAL EQUIPMENT......................	93.713	101.500	63.015	61.315
20058	TOTAL, BASIC ENERGY SCIENCES.........................	433.770	524.000	442.770	441.370
20065	ENERGY RESEARCH OVERSIGHT,ANALY. & UNIV. SUPPORT				
20069	ENERGY RESEARCH ANALYSIS				
20070	OPERATING EXPENSES..............................	2.398	3.600	3.600	3.550
20071	PLANT AND CAPITAL EQUIPMENT......................	—	—	—	—
20072	TOTAL, ENERGY RESEARCH ANALYSIS.....................	2.398	3.600	3.600	3.550
20112	UNIVERSITY RESEARCH INSTRUMENTATION..................	6.254	7.000	5.000	5.000
20079	UNIVERSITY RESEARCH SUPPORT				
20080	OPERATING EXPENSES..............................	10.296	15.820	13.100	10.975
20081	PLANT AND CAPITAL EQUIPMENT......................	—	—	—	—
20082	TOTAL, UNIVERSITY RESEARCH SUPPORT.................	10.296	15.820	13.100	10.975

RDLBHT

23:54 1/29/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 6

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
20083	ADVISORY & OVERSIGHT PROG. DIRECTION................	2,674	3,700	3,600	2,900
20084	SUBTOTAL, ENERGY RESEARCH OS.,ANAL., & UNIV. SUP.....	21,022	30,120	25,300	22,425
20089	MULTI-PROGRAM LABORATORIES FACILITIES SUPPORT				
20090	OPERATING EXPENSE.................................	9,307	25,000	19,000	14,255
20091	PLANT AND CAPITAL EQUIPMENT.......................	30,517	100,000	48,935	45,935
20092	TOTAL, MULTI-PROGRAM LABORATIES FACILITIES SUPPORT...	39,824	125,000	67,935	60,190
20095	SMALL BUSINESS INNOVATION RESÈARCH PROGRAM............	———	———	———	———
999352	IN-HOUSE ENERGY MANAGEMENT				
159002	OPERATING EXPENSES................................	1,895	2,000	2,000	1,500
159003	PLANT AND CAPITAL EQUIP...........................	9,814	33,904	33,904	15,000
999353	TOTAL, IN-HOUSE ENERGY MANAGEMENT.....................	11,709	35,904	35,904	16,500
159005	TECHNICAL INFORMATION & MANAGEMENT PROGRAM				
159006	OPERATING EXPENSES................................	13,072	17,275	17,275	13,848
159007	PLANT AND CAPITAL EQUIPMENT.......................	550	1,000	1,000	850
159008	SUPPORT FROM OTHER PROGRAMS.......................	-1,209	-7,500	-7,500	-3,923
159010	TOTAL, TECHNICAL INFORMATION & MANAGEMENT PROGRAM....	12,413	10,775	10,775	10,775
20105	POLICY AND MANAGEMENT - ER (ESAD).....................	84	600	600	550
130026	POLICY AND MANAGEMENT - EP (ESAD).....................	———	———	———	———
130029	POLICY AND MANAGEMENT - (ESAW)ESAD....................	———	———	———	———
40107	POLICY AND MANAGEMENT - NE (ESAD).....................	1,732	2,460	1,810	1,010
70335	POLICY AND MANAGEMENT - CE(ESAD)......................	1,601	2,605	2,115	1,527
992089	TOTAL, ENERGY SUPPLY R & D	1,939,520	2,679,293	2,200,011	1,899,958

BULBNT | DEPARTMENT OF ENERGY | BY APPROPRIATION

FY 1987 CONTROL TABLE

15:54 1/28/86 | (DOLLARS IN THOUSANDS) | PAGE 7

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
50466	UNOBLIG. CARRYOVER FOR LGF..........................	——	——	——	——
50497	SAVINGS FROM MANAGEMENT INITIATIVES - (FE)ESRD......	——	——	——	——
130032	SAVINGS FROM MANAGEMENT INITIATIVES (ESAN)ESRD......	——	——	——	——
82032	SAVINGS FROM MANAGEMENT INITIATIVES.................	——	——	——	——
20213	SAVINGS FROM MANAGEMENT INITIATIVES - (ER)ESRD......	——	-5.200	——	——
40295	SAVINGS FROM MANAGEMENT INITIATIVES - (NE)ESRD......	——	-4.500	——	——
70700	SAVINGS FROM MANAGEMENT INITIATIVES - (CE)ESRD......	——	-7.300	——	——
159505	SAVINGS FROM MANAGEMENT INITIATIVES - (NA)ESRD......	——	——	——	——
20229	USE OF FY86 DEFERRAL - (ER)ESRD.....................	——	——	——	-30.200
70760	USE OF FY86 DEFERRAL - CE(ESRD)	——	——	——	-23.351
210030	USE OF UNOBLIG. BALANCES - UE.......................	-200.000	——	——	-304.130
40316	USE OF PRIOR YEAR BALANCES - SEPA	-17.400	——	——	——
20214	ABP GENERAL REDUCTION - (ER)ESRD....................	——	——	——	——
40317	ABP GENERAL REDUCTION - (NE)ESRD....................	——	——	——	——
82033	ABP GENERAL REDUCTION - (CNN)ESRD...................	——	——	——	——
70767	ABP GENERAL REDUCTION - (CS)ESRD....................	——	——	——	——
130041	ABP GENERAL REDUCTION - (ESN)ESRD...................	——	——	——	——
210050	GENERAL REDUCTION - ESRD............................	——	——	——	——
40400	USE OF PRIOR YEAR BALANCES - (NE)ESRD...............	-19.302	——	——	——
70780	USE OF PRIOR YEAR BALANCES - (CE)ESRD...............	-950	——	——	——
20256	ADDBACK OF PROPOSED REPROGRAMMING FOR ESAN - (ER)ESR	700	——	——	——
40345	ADDBACK OF PROPOSED REPROGRAMMING FOR ESAN - (NE)ESR	750	——	——	——
130046	LESS PROPOSED REPROGRAMMING FOR ESAN - (ER)ESRD.....	-700	——	——	——
130045	LESS PROPOSED REPROGRAMMING FOR ESAN - (NE)ESRD.....	-750	——	——	——
130050	LESS PROPOSED TRANSFER FOR ESAN - (DP)NEDA..........	-5.617	——	——	——
130051	LESS PROPOSED TRANSFER FOR ESAN - (NE)NE............	-250	——	——	——
130052	LESS PROPOSED TRANSFER FOR ESAN - (ER)GS............	-300	——	——	——
70775	ADDBACK OF PROPOSED FTE REDUCTION - (CE)ESRD........	65	——	——	——
40351	ADDBACK OF PROPOSED FTE REDUCTION - (NE)ESRD........	103	——	——	——
82090	ADDBACK OF PROPOSED FTE REDUCTION - (CNN)ESRD.......	6	——	——	——
130055	ADDBACK OF PROPOSED FTE REDUCTION - (ESN)ESRD.......	12	——	——	——
20261	ADDBACK OF PROPOSED FTE REDUCTION - (ER)ESRD........	317	——	——	——
159550	ADDBACK OF PROPOSED FTE REDUCTION - (NA)ESRD........	6	——	——	——
992090	TOTAL, ENERGY SUPPLY R & D..........................	1.696.290	2.662.293	2.200.011	1.254.162
992091	(OPERATING EXPENSES)................................	1.479.043	2.298.328	2.043.404	1.062.807
992092	(PLANT AND CAPITAL EQUIPMENT).......................	217.255	363.965	237.327	191.355

BULBNT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 8

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
993000	URANIUM ENRICHMENT				
40100	URANIUM ENRICHMENT ACTIVITIES				
40109	OPERATING EXPENSES..................................	1,170,038	1,211,900	1,111,600	1,031,300
40110	PLANT AND CAPITAL EQUIPMENT.........................	376,312	33,000	29,000	15,300
40112	REPAYMENT TO TREASURY...............................	——	150,000	150,000	235,000
40113	SUBTOTAL, URANIUM ENRICHMENT ACTIVITIES..........	1,546,350	1,394,900	1,290,600	1,281,600
40118	URANIUM PROGRAM DIRECTION...........................	4,036	5,100	4,800	4,800
40119	TOTAL, URANIUM ENRICHMENT ACTIVITIES................	1,550,386	1,400,000	1,295,400	1,286,400
40130	REVENUES				
40139	OPERATING EXPENSES..................................	-1,326,900	-1,400,000	-1,295,400	-1,286,400
40140	PLANT AND CAPITAL EQUIPMENT.........................	-33,700	——	——	——
40141	TOTAL, REVENUES.....................................	-1,360,600	-1,400,000	-1,295,400	-1,286,400
40350	ADDBACK OF PROPOSED TRANSFER FOR ESAH - (ESH)ESRD...	250	——	——	——
40352	ADDBACK OF PROPOSED FTE REDUCTION - (NE)UE..........	476	——	——	——
993090	TOTAL, URANIUM ENRICHMENT...........................	190,512	——	——	——
993091	(OPERATING EXPENSES)................................	-152,100	-33,000	-29,000	-15,300
993092	(PLANT AND CAPITAL EQUIPMENT).......................	342,612	33,000	29,000	15,300

MALBMT DEPARTMENT OF ENERGY BY APPROPRIATION
FY 1987 CONTROL TABLE
15:50 1/28/86 (DOLLARS IN THOUSANDS) PAGE 9

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
991509	GENERAL SCIENCE				
20117	HIGH ENERGY PHYSICS				
20118	OPERATING EXPENSES................................	369.825	466.420	434.700	427.500
20119	PLANT AND CAPITAL EQUIPMENT.......................	125.033	134.200	125.100	119.200
20120	TOTAL, HIGH ENERGY PHYSICS...........................	494.858	600.620	559.800	546.700
20121	NUCLEAR PHYSICS				
20122	OPERATING EXPENSES................................	144.367	186.350	175.900	174.900
20123	PLANT AND CAPITAL EQUIPMENT.......................	20.105	58.900	49.300	49.300
20124	TOTAL, NUCLEAR PHYSICS...............................	164.472	245.250	225.200	224.200
20125	HIGH ENERGY AND NUCLEAR PHYSICS PROG. DIRECTION (OS).	2.092	3.600	3.200	2.500
991593	TOTAL, GENERAL SCIENCE...............................	661.422	849.470	788.200	773.400
20260	ADEQUACY OF PROPOSED TRANSFER FOR ES&H - (ESH)ESRD...	300	----	----	----
20262	ADEQUACY OF PROPOSED FTE REDUCTION - (ER)OS..........	296	----	----	----
20207	SAVINGS FROM FY84 INITIATIVES - (ER)OS.............	----	----	----	----
20212	GENERAL REDUCTION - (ER)OS...........................	----	----	----	----
20250	TRANSFER OF APPROPRIATION............................	-6.000	----	----	----
20255	GENERAL REDUCTION - OS...............................	----	----	----	----
991594	TOTAL, GENERAL SCIENCE...............................	655.920	849.470	788.200	773.400
991591	(OPERATING EXPENSES)............................	510.790	656.370	613.800	604.900
991592	(PLANT AND CAPITAL EQUIPMENT)...................	145.130	193.100	174.400	168.500

RHLBHT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
991000	ATOMIC ENERGY				
10010	RESEARCH AND DEVELOPMENT AND TESTING				
10011	OPERATING EXPENSES	1,413,609	1,673,350	1,659,500	1,701,000
10014	PLANT AND CAPITAL EQUIPMENT	292,290	356,210	368,000	376,000
10022	TOTAL, RESEARCH AND DEVELOPMENT AND TESTING	1,705,899	2,029,560	2,027,500	2,077,000
10024	INERTIAL CONFINEMENT FUSION				
10025	OPERATING EXPENSES	22,560	165,000	143,200	22,500
10026	PLANT AND CAPITAL EQUIPMENT	1,300	11,000	11,000	1,300
10027	TOTAL, INERTIAL CONFINEMENT FUSION	23,860	176,000	154,200	23,800
10029	PRODUCTION AND SURVEILLANCE				
10030	OPERATING EXPENSES	1,739,789	2,194,800	2,034,600	1,968,504
10031	PLANT AND CAPITAL EQUIPMENT	546,164	690,900	607,400	533,700
10032	TOTAL, PRODUCTION AND SURVEILLANCE	2,285,953	2,885,700	2,642,000	2,502,204
10040	PROGRAM DIRECTION - DEFENSE PROGRAMS	95,100	69,585	63,000	60,550
10059	MATERIALS PRODUCTION				
10060	OPERATING EXPENSES	1,447,752	1,729,815	1,638,174	1,596,390
10061	PLANT AND CAPITAL EQUIPMENT	320,397	690,120	484,126	469,756
10062	TOTAL, MATERIALS PRODUCTION	1,768,149	2,419,935	2,122,300	2,066,146
10064	DEFENSE WASTE & BY-PRODUCTS MANAGEMENT				
10065	OPERATING EXPENSES	370,346	525,700	514,040	455,050
10066	PLANT AND CAPITAL EQUIPMENT	240,078	292,600	275,960	249,350
10067	TOTAL, DEFENSE WASTE & BY-PRODUCTS MANAGEMENT	610,424	818,300	790,000	704,400
10049	VERIFICATION AND CONTROL TECHNOLOGY				
10050	OPERATING EXPENSES	84,201	101,400	97,500	95,500
10051	PLANT AND CAPITAL EQUIPMENT	10,100	7,600	6,500	6,200
10052	TOTAL, VERIFICATION AND CONTROL TECHNOLOGY	94,301	109,000	104,000	101,700
10069	NUCLEAR SAFEGUARDS & SECURITY				
10070	OPERATING EXPENSES	52,598	62,900	61,900	61,900
10071	PLANT AND CAPITAL EQUIPMENT	4,455	11,000	5,000	5,000
10072	TOTAL, NUCLEAR SAFEGUARDS & SECURITY	57,053	73,900	66,900	66,900

RALBHT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 11

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
10079	SECURITY INVESTIGATIONS				
10080	OPERATING EXPENSES..............................	32,200	33,300	33,300	33,300
40154	NAVAL REACTORS DEVELOPMENT				
40155	OPERATING EXPENSES..............................	464,123	529,000	529,000	529,000
40156	PLANT AND CAPITAL EQUIPMENT......................	71,570	66,200	63,000	63,000
40157	TOTAL, NAVAL REACTORS DEVELOPMENT..................	535,693	596,000	593,600	593,600
991093	TOTAL, ATOMIC ENERGY..............................	7,216,600	9,211,200	8,597,600	8,230,000
10160	ADEQUACY OF PROPOSED TRANSFER FOR ESAH - (ESH)ESRD...	5,617	———	———	———
10161	ADEQUACY OF PROPOSED FTE REDUCTION - (DP)AEDA........	2,004	———	———	———
40353	ADEQUACY OF PROPOSED FTE REDUCTION - (NE)AEDA........	166	———	———	———
10119	ADEQUACY OF G-R-H REDUCTION AGAINST BALANCES.........	7,157	———	———	———
10150	UNOBLIGATED BALANCES BROUGHT FORWARD...............	———	———	———	———
10204	GENERAL REDUCTION.................................	———	———	———	———
10200	SAVINGS FROM MANAGEMENT INITIATIVES - (DP)AEDA.....	———	-14,000	———	———
10202	SAVINGS FROM FY84 INITIATIVES - (DP)AEDA...........	———	———	———	———
991095	TOTAL, ATOMIC ENERGY..............................	7,231,644	9,197,200	8,597,600	8,230,000
991091	(OPERATING EXPENSES)............................	5,738,153	7,070,850	6,775,014	6,523,694
991092	(PLANT AND CAPITAL EQUIPMENT)...................	1,493,511	2,126,430	1,822,586	1,706,306

RHLDNT
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 12

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
999000	DEPARTMENTAL ADMINISTRATION				
164005	OFFICE OF THE SECRETARY..............................	1,603	2,056	2,056	1,860
162005	BOARD OF CONTRACT APPEALS............................	304	306	306	336
160006	GENERAL COUNSEL......................................	9,715	11,457	10,220	9,933
170011	INSPECTOR GENERAL - OE...............................	10,150	62,307	20,842	20,842
170012	INSPECTOR GENERAL - CE...............................	——	250	250	250
170100	TOTAL, INSPECTOR GENERAL.............................	10,150	62,557	21,092	21,092
151999	MANAGEMENT AND ADMINISTRATION				
152000	OPERATING EXPENSES.................................	112,587	146,826	152,440	133,459
152005	PLANT AND CAPITAL EQUIPMENT........................	8,953	13,288	——	6,688
152009	TOTAL MANAGEMENT AND ADMINISTRATION..................	121,540	160,114	152,440	140,147
153024	OPERATIONS OFFICE				
153025	OPERATING EXPENSES.................................	87,060	111,835	101,389	93,247
153026	PLANT AND CAPITAL EQUIPMENT........................	980	2,299	1,675	975
153028	TOTAL, OPERATIONS OFFICES............................	88,040	114,134	103,064	94,222
200010	MINORITY ECONOMIC IMPACT.............................	2,596	4,090	2,900	1,709
120010	POLICY ANALYSIS AND SYSTEM STUDIES...................	7,440	7,590	7,055	7,055
999091	CONGRESSIONAL, INTERGOV. & PUBLIC AFFAIRS............				
190037	PROGRAM DIRECTION....................................	4,240	5,605	5,829	4,395
190010	INDIAN AFFAIRS.......................................	289	200	200	200
190030	CONSUMER AFFAIRS.....................................	76	75	50	50
190020	PUBLIC AFFAIRS.......................................	415	220	220	220
190021	COMPETITION..	96	50	50	50
999092	SUBTOTAL, CONGRESS., INTERGOV. & PUBLIC AFFAIRS......	5,116	6,150	6,349	4,915
140100	INTERNATIONAL AFFAIRS................................	3,939	5,143	5,080	5,790
140202	POLICY AND MANAGEMENT - IA(DA).......................	708	710	710	——
159017	COST OF WORK FOR OTHERS..............................	143,543	115,050	115,050	115,050

PALBNT DEPARTMENT OF ENERGY BY APPROPRIATION
FY 1987 CONTROL TABLE
15:54 1/28/86 (DOLLARS IN THOUSANDS) PAGE 13

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
159010	MISCELLANEOUS REVENUES................................	-161,743	-130,389	-130,389	-143,428
159019	REVENUES NOT ASSOCIATED WITH COST OF WORK...........	-82,485	-100,519	-100,519	-108,519
159020	SUBTOTAL, REVENUES...................................	-244,228	-230,908	-230,908	-251,947
999997	TOTAL, DEPARTMENTAL ADMINISTRATION....................	159,379	250,537	108,302	151,082
159517	ADDBACK OF PROPOSED RESCISSION-(MA)DA................	-----	-----	-----	-----
159120	USE OF PRIOR YEAR BALANCES - (MA)DA..................	-----	-----	-----	-----
159509	SAVINGS FROM MANAGEMENT INITIATIVES - (MA)DA........	-----	-6,000	-----	-----
159500	SAVINGS FROM FY84 INITIATIVES - (MA)DA...............	-----	-----	-----	-----
160010	SAVINGS FROM FY84 INITIATIVES - (GC).................	-----	-----	-----	-----
190039	SAVINGS FROM FY84 INITIATIVES - (CP).................	-----	-----	-----	-----
159512	ADP GENERAL REDUCTION................................	-----	-----	-----	-----
159125	FTE REDUCTION - (MA)DA...............................	-----	-----	-----	-----
120025	USE OF ESRD BALANCES - (PPA)DA.......................	-100	-----	-----	-----
140203	USE OF ESRD BALANCES - (IA)DA........................	-108	-----	-----	-----
159520	USE OF ESRD BALANCES - (MA)DA........................	-4,279	-----	-----	-----
160012	USE OF ESRD BALANCES - (GC)DA........................	-325	-----	-----	-----
162007	USE OF ESRD BALANCES - (BCA)DA.......................	-27	-----	-----	-----
164007	USE OF ESRD BALANCES - (OSEC)DA......................	-54	-----	-----	-----
170014	USE OF ESRD BALANCES - (IG)DA........................	-325	-----	-----	-----
190041	USE OF ESRD BALANCES - (CP)DA........................	-162	-----	-----	-----
200012	USE OF ESRD BALANCES - (MEI)DA.......................	-27	-----	-----	-----
159551	ADDBACK OF PROPOSED FTE REDUCTION - (MA)DA..........	-3,636	-----	-----	-----
999099	TOTAL, DEPARTMENTAL ADMINISTRATION (NET).............	150,319	244,537	108,302	151,082
999995	(OPERATING EXPENSES - NET).............	140,378	228,700	106,377	143,169
999996	(PLANT AND CAPITAL EQUIPMENT - NET).............	9,941	15,837	1,925	7,913

PALBHT

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 14

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997000	ALASKA POWER ADM				
79450	POWER MARKETING - ALASKA POWER ADMINISTRATION........	3,245	3,610	3,201	3,201
79793	USE OF PRIOR YEAR BALANCES - (CE)APA.................	----	----	----	-800
997099	TOTAL, ALASKA POWER	3,245	3,610	3,201	2,091

PALBHT

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 15

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997290	BONNEVILLE				
91906	POWER MARKETING - BONNEVILLE POWER ADMINISTRATION....	----	----	----	----
91012	PERMANENT INDEFINITE BORROWING AUTHORITY.............	330,000	394,900	276,100	276,100
997299	TOTAL, BONNEVILLE POWER ADMIN........................	330,900	394,950	276,100	276,100

PHLB07
1
15:50 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 16

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997050	SOUTHEASTERN O&M				
79490	POWER MARKETING - SOUTHEASTERN POWER ADMINISTRATION.	14,735	22,966	21,736	21,736
79611	INCREASE IN NET BILLING..............................	-----	-----	-6,000	-----
79612	USE OF PRIOR YEAR DEFERRALS.........................	-14,735	-----	-----	-2,089
997499	TOTAL, SOUTHEASTERN O&M...............................	-----	22,966	15,736	19,647
997500	SOUTHEASTERN CONT. FUND				
79605	SOUTHEASTERN POWER - CONT. FUND......................	-----	-----	-----	-----
997599	TOTAL, SOUTHEASTERN CONT. FUND........................	-----	-----	-----	-----

RALBUD DEPARTMENT OF ENERGY BY APPROPRIATION
FY 1987 CONTROL TABLE
15:54 1/28/86 (DOLLARS IN THOUSANDS) PAGE 17

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
997000	SOUTHWESTERN O&M				
70400	POWER MARKETING - SOUTHWESTERN POWER ADMINISTRATION..	37,954	49,336	38,580	38,580
70634	USE OF PRIOR YEAR BALANCES CS (SWPMA)...............	-8,774	—	—	-13,243
70707	SAVINGS FROM MANAGEMENT INITIATIVES - (CE)SWPA......	—	—	—	—
70777	ADEQUACY OF PROPOSED FTE REDUCTION - (CE)SWPA........	11	—	—	—
997090	TOTAL, SOUTHWESTERN O&M..............................	29,191	49,336	38,580	25,337
998000	SOUTHWESTERN CONT. FUND				
70500	SOUTHWESTERN POWER - CONT. FUND......................	—	—	—	—
998090	TOTAL, SOUTHWESTERN CONT. FUND.......................	—	—	—	—

BULRPT
15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 18

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
990200	WESTERN AREA O&M				
00005	POWER MARKETING - WAPA O&M	196.842	295.500	283.775	283.775
00022	USE OF PRIOR YEAR BALANCES	—	—	—	-43.466
00025	SAVINGS FROM MANAGEMENT INITIATIVES - (WAPA)WAPA	—	—	—	—
00030	GENERAL REDUCTION	—	—	—	—
00035	TRANSFER FROM OTHER ACCOUNTS	—	—	—	—
00037	USE OF ESRD BALANCES - (WAPA)WAPA	-1.000	—	—	—
00040	ABSENCY OF PROPOSED FTE REDUCTION - (WAPA)WAPA	68	—	—	—
990290	TOTAL, WESTERN AREA O&M	195.910	295.500	283.775	240.309
990400	WESTERN AREA POWER - EMERGENCY FUND				
00015	WAPA EMERGENCY FUND	—	—	—	—
990490	TOTAL, WAPA EMERGENCY FUND	—	—	—	—
990600	COLORADO RIVER BASIN				
00010	COLORADO RIVER BASIN (NON-ADD)	(87.000)	(82.000)	(82.000)	—
990690	TOTAL, COLORADO RIVER BASIN	—	—	—	—

ROLLUP
15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 19

A/S CODE *****	ACCOUNT TITLE	FY 1986 IN FY07 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
975600	FERC SALARIES AND EXPENSES				
90010	OIL PIPELINE REGULATION............................	3.629	3.837	4.527	4.486
90020	NATURAL GAS REGULATION............................	44.297	40.289	45.516	45.031
90030	HYDRO POWER LICENSING............................	26.820	30.697	31.411	29.343
90040	ELECTRIC POWER REGULATION............................	19.976	21.104	20.625	20.219
90079	USE OF ESRD BALANCES - (FERC)FERC....................	-3.204	——	——	——
90070	LESS PROPOSED PAY RAISE SUPPLEMENTAL................	——	——	——	——
90043	TOTAL, FERC..	91.433	95.927	102.079	99.079
90047	REVENUES..	-49.470	-82.477	-78.754	-78.754
90080	TOTAL, F E R C..	41.963	13.450	23.325	20.325
90045	GENERAL REDUCTION..	——	——	——	——
90078	TRANSFER FROM UNOBL. BAL. - ESRD....................	——	——	——	——
90075	ADDBACK OF PROPOSED FTE REDUCTION - (FERC)FERC......	26	——	——	——
975690	TOTAL, FERC SALARIES AND EXPENSES....................	41.989	13.450	23.325	20.325

ROLINT

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 20

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
02060	NUCLEAR WASTE FUND				
02070	NUCLEAR WASTE FUND - GE	499,037	879,857	773,970	736,770
02080	NUCLEAR WASTE FUND - PACE	——	24,992	25,379	32,579
110049	NUCLEAR WASTE FUND	——	——	——	——
159011	NUCLEAR WASTE FUND	——	——	——	——
160007	NUCLEAR WASTE FUND	——	——	——	——
02100	TOTAL, NUCLEAR WASTE FUND	499,037	904,849	799,349	769,349

ROLINT

15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 21

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
996009	GEOTHERMAL RESOURCES				
70343	GEOTHERMAL RESOURCES DEVELOPMENT FUND	69	1,500	72	72
996099	TOTAL, GEOTHERMAL RESOURCES	69	1,500	72	72
994290	ALTERNATIVE FUELS PRODUCTION				
50450	ALTERNATIVE FUELS PRODUCTION - FE (AFP)	——	——	——	——
994291	TOTAL, ALTERNATIVE FUELS PRODUCTION	——	——	——	——
999464	CLEAN COAL TECHNOLOGY				
50451	CLEAN COAL TECHNOLOGY	——	——	——	——

RMLBNT
15:50 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 22

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
992500	FOSSIL ENERGY				
50010	COAL				
50015	CONTROL TECHNOLOGY & COAL PREPARATION				
50020	OP. EXP. & CAP. EQUIP.	31,950	39,990	30,740	10,147
50025	CONSTRUCTION	—	—	—	—
50030	TOTAL, CONTROL TECHNOLOGY & COAL PREPARATION	31,950	39,990	30,740	10,147
50035	ADV. RESEARCH & TECHNOLOGY DEV				
50040	OP. EXP. & CAP. EQUIP.	33,049	40,930	34,277	27,224
50045	CONSTRUCTION	—	—	—	—
50050	TOTAL, ADV. RESEARCH & TECHNOLOGY DEV.	33,049	40,930	34,277	27,224
50075	COAL LIQUEFACTION				
50080	OP. EXP. & CAP. EQUIP.	31,620	31,750	23,100	9,147
50085	CONSTRUCTION	—	—	—	—
50090	TOTAL, COAL LIQUEFACTION	31,620	31,750	23,100	9,147
50095	COMBUSTION SYSTEMS				
50100	OP. EXP. & CAP. EQUIP.	14,113	22,677	19,920	9,169
50105	CONSTRUCTION	—	—	—	—
50110	ADVANCE APPROP. - AFB	15,000	—	—	—
50115	TOTAL, COMBUSTION SYSTEMS	29,113	22,677	19,920	9,169
50120	FUEL CELLS				
50125	OP. EXP. & CAP. EQUIP.	34,057	15,000	10,703	5,000
50130	CONSTRUCTION	—	—	—	—
50135	TOTAL, FUEL CELLS	34,057	15,000	10,703	5,000
50140	HEAT ENGINES AND HEAT RECOVERY				
50145	OP. EXP. & CAP. EQUIP.	12,314	25,000	17,100	7,902
50150	CONSTRUCTION	—	—	—	—
50155	TOTAL, HEAT ENGINES AND HEAT RECOVERY	12,314	25,000	17,100	7,902
50160	UNDERGROUND COAL GASIFICATION				
50165	OP. EXP. & CAP. EQUIP.	4,072	6,331	5,500	—
50170	CONSTRUCTION	—	—	—	—
50175	TOTAL, UNDERGROUND COAL GASIFICATION	4,072	6,331	5,500	—

PALBNT
15:50 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 23

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
50180	MAGNETOHYDRODYNAMICS				
50185	OP. EXP. & CAP. EQUIP.	27,717	16,000	4,000	—
50190	CONSTRUCTION	—	—	—	—
50195	TOTAL, MAGNETOHYDRODYNAMICS	27,717	16,000	4,000	—
50200	SURFACE COAL GASIFICATION				
50205	OP. EXP. & CAP. EQUIP.	41,323	21,700	16,710	5,590
50210	CONSTRUCTION	—	—	—	—
50215	TOTAL, SURFACE COAL GASIFICATION	41,323	21,700	16,710	5,590
50230	SUBTOTAL, COAL	246,015	219,306	170,226	82,227
50235	GAS				
50240	UNCONVENTIONAL GAS RECOVERY				
50245	OP. EXP. & CAP. EQUIP.	8,503	11,530	9,305	5,252
50250	CONSTRUCTION	—	—	—	—
50255	TOTAL, UNCONVENTIONAL GAS RECOVERY	8,503	11,530	9,305	5,252
50270	SUBTOTAL - GAS	8,503	11,530	9,305	5,252
50275	PETROLEUM R&D				
50280	ADVANCED PROCESS TECHNOLOGY				
50285	OP. EXP. & CAP. EQUIP.	5,523	6,755	6,000	1,011
50290	CONSTRUCTION	—	—	—	—
50295	TOTAL, ADVANCED PROCESS TECHNOLOGY	5,523	6,755	6,000	1,011
50320	ENHANCED OIL RECOVERY				
50325	OP. EXP. & CAP. EQUIP.	11,454	12,150	11,950	4,484
50330	CONSTRUCTION	—	—	—	—
50335	TOTAL, ENHANCED OIL RECOVERY	11,454	12,150	11,950	4,484
50340	OIL SHALE				
50345	OP. EXP. & CAP. EQUIP.	12,136	15,739	11,500	3,595
50350	CONSTRUCTION	—	—	—	—
50355	TOTAL, OIL SHALE	12,136	15,739	11,500	3,595
50370	SUBTOTAL PETROLEUM	29,113	34,644	29,450	9,090

RNLINT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 29

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
50400	POLICY AND MANAGEMENT				
50405	HEADQUARTERS PROGRAM DIRECTION........................	13,309	15,497	13,641	11,260
50410	ETC PROGRAM DIRECTION.................................	39,265	44,360	41,000	28,740
50509	FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE.......	511	——	——	221
50415	CAPITAL EQUIPMENT.....................................	2,065	5,000	3,070	——
50420	CONSTRUCTION..	3,332	7,500	4,000	——
50425	SUBTOTAL, POLICY AND MANAGEMENT[......................	59,353	72,437	63,319	40,221
50426	COOPERATIVE VENTURE R&D POOLS.........................	——	——	——	12,500
50460	TOTAL, FOSSIL ENERGY..................................	342,904	337,997	272,300	150,090
50462	USE OF FY86 DEFERRAL - (FE)FE.........................	——	——	——	-62,205
50465	USE OF UNOBLIGATED BALANCES - FE (FE).................	-10,915	——	——	-4,601
50467	TRANSFER FROM FOSSIL ENERGY CONSTRUCTION..............	-8,230	——	——	——
50470	TRANSFER FROM ALT. FUELS - FE (FE)....................	-2,010	——	——	——
50475	TRANSFER FROM NAVAL PETROLEUM RESERVE.................	——	——	——	——
50485	TRANSFER FOR ENERGY SEC. RES.	-2,775	-2,200	-2,200	-437
50490	PROGRAM OFFSET..	——	——	——	——
50496	SAVINGS FROM MANAGEMENT INITIATIVES - (FE) FE.......	——	——	——	——
50500	EMPLOYMENT FLOORS.....................................	——	——	——	——
50501	ADVANCE APPROPRIATION MADE IN FY 1984.................	——	——	——	——
50510	TOTAL, FOSSIL ENERGY..................................	311,954	335,797	270,100	82,767
992501	(OP. EXP. & CAP. EQUIP.)..............................	316,052	320,217	266,100	82,767
992502	(CONSTRUCTION)..	-4,090	7,500	4,000	——

RHLDNT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 25

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
993500	NAVAL PETROLEUM AND OIL SHALE RESERVES				
50452	NAVAL PETROLEUM AND OIL SHALE RESERVES...............	168,050	165,069	163,569	163,569
50492	USE OF PRIOR YEAR BALANCES..........................	-155,000	----	-36,461	-36,461
50500	SAVINGS FROM FY86 INITIATIVES - (FE)NPR.............	----	----	----	----
993500	TOTAL, NAVAL PETROLEUM AND OIL SHALE RESERVES.........	13,002	165,069	127,100	127,100

RNLBHT

15:54 1/20/96

DEPARTMENT OF ENERGY
FY 1997 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 26

A/S CODE	ACCOUNT TITLE	FY 1996 IN FY97 STR B/A	FY 1997 A/S REQ. B/A	FY 1997 OMB REQUEST B/A	FY 1997 CONG. REQ. B/A
994000	CONSERVATION				
70344	TRANSPORTATION....................................	56,637	48,350	43,400	19,800
70350	INDUSTRIAL..	49,096	43,400	38,403	15,623
70360	BUILDINGS AND COMMUNITY SYSTEMS.....................	37,280	40,270	36,260	14,150
70375	MULTI-SECTOR......................................	25,574	32,700	20,969	19,850
70378	FACILITIES..	9,600	-----	-----	-----
70422	POLICY AND MANAGEMENT - CE(EC)......................	1,607	4,099	3,065	1,792
70425	POLICY ANALYSIS...................................	-----	-----	-----	-----
70381	SUBTOTAL, CONSERVATION RESEARCH AND DEVELOPMENT.......	170,882	168,819	159,265	71,215
70382	STATE AND LOCAL...................................	256,630	286,649	166,063	5,000
70429	SUBTOTAL ENERGY CONSERVATION........................	427,512	455,468	316,328	76,215
70633	APPROPRIATED TO HHS CS (EC - OE).....................	-----	-238,156	-139,197	-----
70639	USE OF PRIOR YEAR BALANCES..........................	-----	-----	-----	-----
70769	USE OF FY96 DEFERRAL - (CE)EC.......................	-----	-----	-----	-36,782
70751	SAVINGS FROM MANAGEMENT INITIATIVES - (CE)EC R&D....	-----	-4,000	-----	-----
70770	EMPLOYMENT FLOORS.................................	-----	-----	-----	-----
999090	TOTAL, ENERGY CONSERVATION..........................	427,512	213,312	177,131	39,433

RALBHT
15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 27

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
995200	ENERGY REGULATION				
100010	FUELS CONVERSION..................................	1,142	——	——	——
100060	COMPLIANCE..	14,201	14,521	14,321	13,685
100082	PETROLEUM OPERATIONS................................	2,079	2,060	2,060	2,060
100120	PROGRAM ADMINISTRATION..............................	646	655	1,105	1,105
100095	OFFICE OF HEARINGS AND APPEALS......................	5,275	6,070	6,070	5,000
995290	TOTAL, ENERGY REGULATION............................	23,423	23,314	23,764	21,850

RALBHT
15:54 1/20/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 28

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
995205	EMERGENCY PREPAREDNESS				
100205	ENERGY EMERGENCIES..................................	5,750	6,459	6,459	6,044
995210	TOTAL,EMERGENCY PREPAREDNESS........................	5,750	6,459	6,459	6,044

PALINT

15:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 29

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
994000	STRATEGIC PETROLEUM RESERVE				
50457	STRATEGIC PETROLEUM RESERVE..........................	378,217	174,000	161,499	149,944
50592	USE OF PRIOR YEAR BALANCES..........................	-270,684	-----	-----	-149,944
50457	SUBTOTAL, SPR..	107,533	174,000	161,499	-----
50459	SPR PETROLEUM ACCOUNT..................................	-----	-----	-----	-----
999099	TOTAL, STRATEGIC PETROLEUM RESERVE....................	107,533	174,000	161,499	-----

[illegible]
13:54 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 30

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
994800	ENERGY INFORMATION ACTIVITIES				
110001	NATIONAL ENERGY INFORMATION SYSTEM				
110002	OIL AND GAS..	12,267	13,529	11,879	12,379
110004	COAL, NUCLEAR, ELECTRIC AND ALTERNATE FUELS..........	3,912	5,273	3,989	3,989
110006	ENERGY MARKETS AND END USE..........................	4,362	4,720	3,370	3,670
110008	AUTOMATED DATA PROCESSING SERVICES STAFF.............	9,336	9,862	8,327	8,527
110010	ENERGY INFORMATION CENTER...........................	733	814	604	604
110012	STATISTICAL STANDARDS...............................	879	983	855	855
110014	PROGRAM DIRECTION...................................	18,512	20,260	19,779	19,104
110016	SUBTOTAL, NATIONAL ENERGY INFORMATION SYSTEM.........	50,001	55,441	48,803	49,128
110018	POLICY AND MANAGEMENT...............................	7,723	11,461	10,848	10,523
110020	COLLECTION PRODUCTION AND ANALYSIS..................	—	—	—	—
110040	PROGRAM SERVICES....................................	—	—	—	—
994890	TOTAL, ENERGY INFORMATION ACTIVITIES................	57,724	66,902	59,651	59,651

RALBAT

15:34 1/28/86

DEPARTMENT OF ENERGY
FY 1987 CONTROL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION

PAGE 31

A/S CODE	ACCOUNT TITLE	FY 1986 IN FY87 STR B/A	FY 1987 A/S REQ. B/A	FY 1987 OMB REQUEST B/A	FY 1987 CONG. REQ. B/A
986050	DEFENSE/SPR/ENERGY SUMMARY -				
986060	DEFENSE:				
986070	ATOMIC ENERGY..	7,231,444	9,197,200	8,597,600	8,230,000
986080	SPR:				
986090	STRATEGIC PETROLEUM RESERVE..........................	107,333	174,088	161,499	—
986100	ENERGY:				
986110	ENERGY SUPPLY R&D....................................	1,696,290	2,662,293	2,200,811	1,254,162
986120	URANIUM ENRICHMENT...................................	190,512	—	—	—
986130	GENERAL SCIENCE......................................	655,920	809,470	700,200	773,000
986150	DEPARTMENTAL ADMINISTRATION..........................	150,319	244,537	180,302	151,082
986260	TOTAL, POWER MARKETING ADMINISTRATIONS..............	558,346	675,420	617,472	564,274
986270	FERC SALARIES AND EXPENSES...........................	41,989	13,450	23,325	20,325
986280	NUCLEAR WASTE FUND...................................	499,037	904,009	799,349	769,349
986285	INTERIM STORAGE FUND.................................	—	—	—	—
986290	GEOTHERMAL RESOURCES.................................	69	1,500	72	72
502200	SPECIAL FOREIGN CURRENCY.............................	—	—	—	—
986310	ALTERNATIVE FUELS PRODUCTION.........................	—	—	—	—
986312	CLEAN COAL TECHNOLOGY................................	—	—	—	—
986320	FOSSIL ENERGY..	311,954	335,797	270,100	82,767
986330	NAVAL PETROLEUM AND OIL SHALE RESERVES..............	13,092	165,069	127,100	127,100
986340	ENERGY CONSERVATION..................................	427,512	213,312	177,131	39,433
986350	ENERGY REGULATION....................................	23,423	23,314	23,764	21,050
986355	EMERGENCY PREPAREDNESS...............................	5,750	6,459	6,459	6,044
986370	ENERGY INFORMATION ACTIVITIES........................	57,724	66,902	59,651	59,651
502100	PAYMENTS TO STATES...................................	570	570	570	570
502204	UNALLOCATED OMB TARGET...............................	—	—	—	—
986385	TOTAL, ENERGY..	4,632,473	6,162,942	5,362,314	3,870,087
986390	SUBTOTAL DOE...	11,971,630	15,534,230	14,121,413	12,100,087
509855	PROPOSED LEGISLATION - PRIVATIZATION OF NPR.........	—	—	—	-78,785
986410	TOTAL DOE..	11,971,630	15,534,230	14,121,413	12,021,302

FY 1987 Supplementals

Question 4: Would you provide for the record a list by appropriations account of any anticipated fiscal year 1987 requests for supplemental appropriations?

Answer: The President's FY 1987 budget includes sufficient resources to finance the Department's budget proposals. A need for supplemental appropriations for FY 1987 is not anticipated at this time.

FY 87 BUDGET REQUEST

Question 5: Would you provide for the record a list of any assumptions in the President's proposed budget that require legislation. In each case would you--

a. provide a statement of purposes;

b. provide the proposed language (if available) or indicate if, or when, the Administration intends to transmit such language; and

c. indicate whether, in the Administration's judgment, such legislation would be sought from the Energy and Natural Resources Committee or as a rider on an appropriations act.

Answer: The President's budget request assumes the enactment of the following legislative initiatives:

1. The Department's Annual Authorizations

   - Authorize appropriations in FY 1987 and 1988 for (1) civilian energy programs, (2) national security programs, and (3) the naval petroleum reserves

- We plan to transmit the three authorization bills within the next two weeks. I expect that, as usual, the civilian authorization will be referred to the Energy and Natural Resources Committee and the national security and naval petroleum reserve authorizations will be referred to the Armed Services Committee.

2. Privatization Proposals

- Sale of the Naval Petroleum Reserves and the Power Marketing Administrations

- The Department is studying these matters now. A firm date for submission of the proposals has not been established. When submitted, I would expect the Power Marketing Administration proposal to be referred to the Committee on Energy and Natural Resources and the Naval Petroleum Reserve proposal to be referred to the Committee on Armed Services.

3. Power Marketing Administration Modified Repayment Practices

   - Establish fixed schedules for repayment of power marketing debt

   - We plan to transmit this proposal within the next two weeks. I expect it to be referred to the Committee on Energy and Natural Resources

4. Repeal of Certain Federal Conservation Programs

   - Repeal appliance standards, building energy performance standards, gas mileage guides, and industrial reporting programs, and would modify the Federal Energy Management Program.

- Repeal of the Commercial and Apartment Conservation Service programs also is assumed in the budget. Bills already have been reported on this subject in both the Senate (S. 410) and House (H.R. 969).

5. Repeal of Personnel Floors

- Repeal the mandatory personnel floors established in law for the offices of the Assistant Secretaries for Fossil Energy and Conservation and Renewable Energy, and other personnel restrictions.
- The Department submitted this proposal in its Congressional Budget Request for Fy 1987. It appears as "Additional Administrative Provisions" at page 10 of Volume 7 of the Request (DOE/MA 0064/4, Volume 7). I expect this proposal to be considered by the Committee on Appropriations.

6. Uranium Mill Tailings Remedial Action Program Extension
   - Extends the termination date of the program from March 6, 1990 to September 30, 1993.
   - We plan to transmit this proposal within the next two weeks. I expect it to be referred to the Committee on Environment and Public Works, but referral to the Committee on Energy and Natural Resources Committee is possible.

7. Repeal of Restraints on Gas Demand
   - Repeal the incremental pricing provisions of the Natural Gas Policy Act and the demand restraint provisions of the Powerplant and Industrial Fuel Use Act.
   - We plan to transmit these repeals as a part of comprehensive natural gas legislation that will be submitted to Congress.

GRAMM-RUDMAN-HOLLINGS ACT ISSUES

Question 6: In the case of Federal programs and activities which receive off-setting fees, collections, etc., implementation of the Gramm-Rudman-Hollings Act would sequester budgetary resources on the basis of gross, rather than net, budgetary resources. Would you provide for the record--

a. a list of those programs or activities within your Department that receive such off-setting fees, collections, etc. (whether directly or subject to appropriations);

b. a description of such program or activity, including a description of whether such fees, collections, etc., are for services provided for others (either Federal agencies or others); and

c. an analysis of whether the sequester of such budgetary resources may inhibit the provision of such services provided for others.

Answer: a. The Department receives off-setting fees, collections and revenues in the Civilian Radioactive Waste Management program, the Uranium Enrichment program, the Departmental Administration account, and the Federal Energy Regulatory Commission account.

b. The Civilian Radioactive Waste Management program is financed primarily by the Nuclear Waste Fund. The Fund receives revenues from generators of civilian high-level nuclear wastes. In addition, the Fund will begin receiving revenues from the Department of Energy for the disposal of nuclear wastes from the Department's defense programs.

The Uranium Enrichment program receives revenues primarily from the sale of uranium enrichment services for use in nuclear power reactors for foreign and domestic customers. Some revenues are also received from the sale of uranium enrichment services to the Department's Defense Programs customers. These revenues are budgeted in the Atomic Energy Defense Activities Appropriation.

The Departmental Administration account receives revenues from providing highly specialized and often unique products and services to many non-DOE users. In addition, miscellaneous revenues are received in this account from the sale of byproducts that have no costs associated with the Departmental Administration account; e.g., the sale of steam from N-Reactor at Richland, Washington, to the Washington Public Power Supply System.

c. The Gramm-Rudman-Hollings sequestration will have minimal impact on the Civilian Radioactive Waste Management program in FY 1986. However, further reductions in future years could jeopardize the program's ability to meet its schedules.

The sequester of budgetary resources in the Uranium Enrichment and Departmental Administration accounts does not inhibit the provision of services to commercial customers in FY 1986. However, within the Uranium Enrichment account the revenues projected to be received from the Department's Defense Programs were reduced by $14.4 million as a result of the Gramm-Rudman-Hollings reduction of 4.9 percent in FY 1986 for defense related activities.

The Federal Energy Regulatory Commission also receives off-setting fees, collections, etc., but their response to this question will be provided separately to the Committee.

Question 7: Certain Federal statutes specifically specify the Federal and State apportionment of certain collection, revenues, etc., which would be altered by implementation of the Gramm-Rudman-Hollings Act. Would you provide for the record:

a. a list of such collections and distributions, including their statutory authority; and

b. a table for each distribution indicating by State the fiscal year 1986 distribution that would occur before and after sequester.

Answer: The Federal Energy Regulatory Commission is preparing this information and will provide it separately to the Committee.

GENERAL

Question 8: When can the Congress now expect to receive the long-delayed National Energy Policy Plan V which was due last April?

Answer: We expect to transmit the National Energy Policy Plan V to Congress very shortly.

GENERAL

Question 9: What positions within the DOE that require confirmation are currently vacant or filled by individuals in an acting capacity?

Answer: The Department currently has six vacancies which require Senate confirmation: the Assistant Secretary for International Affairs and Energy Emergencies, the Assistant Secretary for Nuclear Energy, the Assistant Secretary for Fossil Energy, the Administrator of the Economic Regulatory Administration, the Director, Office of Minority Economic Impact and the Deputy Inspector General. Candidates for Assistant Secretary for International Affairs and Energy Emergencies, Assistant Secretary for Nuclear Energy, and the Administrator, Economic Regulatory Administration are presently in the White House clearance process. We are actively involved in interviewing prospective candidates for the Assistant Secretary for Fossil Energy and the Office of Minority Economic Impact positions.

GENERAL

Question 10: What is the status of the DOE analysis of the energy policy implications of the Treasury's tax simplification proposal? Would you supply a copy of such analysis for the record.

Answer: In August of 1985, the Energy Information Administration (EIA) published an analysis of the effects of the President's tax reform proposal (published in May of 1985). The EIA analysis was requested by Congressman Dingell, Chairman of the House Energy and Commerce Committee.

EIA also published a supplement to the main analysis. The supplement focuses on oil and gas companies and was prepared by Touche Ross and Co.

No analysis of the Treasury proposal (published in November of 1984) was published by EIA.

A copy of both the main EIA study of major sectors of the energy industry as well as the oil and gas supplement (by Touche Ross) are attached.*

---

* Retained in Committee files.

Service Report

Energy Information Administration
U.S. Department of Energy
Washington, D C 20585

Analysis of the impacts of the President's Tax Proposal on Major Sectors of the Energy Industry

Prepared by

The Energy Information Administration

August 1985

This report has not received a complete technical review by the Energy Information Administration (EIA) and, therefore, should not be represented as an official EIA product.

Supplement to the
Energy Information Administration Service Report,
Analysis of the Impacts of the President's Tax Proposal on Major
Sectors of the Energy Industry

Study of the Effect on Selected Oil and Gas Companies of "The President's Tax Proposal to the Congress for Fairness, Growth and Simplicity"

July 31, 1985

Prepared for
The Energy Information Administration

Prepared by
Touche Ross & Co.

GENERAL

Question 11a:	What, in your judgement, is an appropriate role for DOE in assuring the adequacy and reliability of electrical supplies in the United States?
Answer:	First, I want to emphasize two basic points:

(1) The issues we face today concerning long-term electricity supply sufficiency and efficiency are primarily institutional in nature; and

(2) The federal government has never played a primary role in electricity supply planning, nor should it do so. If our electricity supply infrastructure is to be economically efficient, it must be developed with an eye to regional and local economic conditions and requirements. Such tasks are best done by non-Federal entities.

The most appropriate role for DOE is to be a facilitator of institutional change, through timely analysis of critical issues and articulation of the Federal viewpoint as a component of national energy policy.

For several years and in many forums the

Department has maintained that major changes in electric rate regulation may be needed before the electric industry will be prepared to make significant new investments in the electricity supply system. The central policy issue we face now is: To what extent can and should we modify our institutions to rely on market forces for fundamental planning decisions concerning new investments in generation and transmission facilities?

The electricity sector has traditionally been regarded as a "natural monopoly," thus requiring regulation to assure relatively efficient and equitable outcomes. However, the basis for this view has now been at least partially eroded by technological change. As a nation we need to consider the full range of technological and institutional possibilities before us. I am pleased to see that several states, and the Federal Energy Regulatory Commission, are in effect acting as research laboratories, some pursuing market-oriented solutions, while others are placing more emphasis on improved regulation and expanded public planning.

Another aspect of this role for DOE is to facilitate the development of an effective electric emergency preparedness program. This program encompasses two aspects:

(1) to minimize, to the extent practical, the vulnerability of the nation's electric power systems to emergencies; and

(2) to facilitate U.S. preparations for response to an electric power supply emergency, should one occur.

In addition the Department currently operates the Federal Power Marketing Administrations. We have a responsibility to run these as efficiently as possible. We are proposing that they be transferred out of the Federal government to encourage regional control and efficient operations.

GENERAL

Question 11(b): What is the Administration's policy regarding the importation of electrical energy?

Answer: The Administration has a clear commitment to international trade conducted on a fair basis. This commitment to fair trade extends, of course, to Canada and Mexico and to imports of electricity.

Imported electricity has been saving consumers money by allowing utilities to displace the use of oil and natural gas. The price of imported electricity is generally set at or below the average cost of domestic generation from fossil fuels, which includes a large component of coal-fired generation. Thus, the price has been substantially below that of more costly generation from oil or gas, and consumers have benefited.

In the current climate of declining oil prices, we can expect declining prices for imported electricity. A substantial fraction of electricity in the Northeast is generated from oil, and the price of imports is linked to the average cost of generation from fossil fuels. If oil prices remain moderate over the coming decade, imports may not only be cheaper than domestic generation from existing power plants fueled by oil or gas, but may also be cheaper than generation from new power plants fueled by coal or other means.

By the mid-1990s, however, the price of oil may rise to the point that construction and operation of new domestic power plants would be cheaper than continued electricity imports under current pricing practices. More importantly, it is likely that the power surplus that Canada has available for export to the U.S., after serving its own needs, will diminish. Hence, while electricity imports are beneficial, they should not preclude the development of adequate power supply options for ourselves in the future.

GENERAL

Question 11(c): Does the DOE see a potential threat to energy security from increased reliance on imported electrical energy?

Answer: It is unlikely that increased reliance on imported electrical energy would threaten U.S. energy security in and of itself. Imports, primarily from Canada, provide less than 2 percent of the nation's electricity. Canada is a reliable supplier and only exports electricity which is officially certified as surplus to its needs. On balance, imports can enhance security by allowing oil-dependent utilities to diversify their supply sources.

Reliance upon imported electricity could only threaten security if such reliance results from an inability to supply electricity domestically. Canadian supply surpluses are expected to diminish by the mid-1990s with growth in the Canadian economy. An inability or unwillingness to build supply domestically could thus place strains on electricity supply when current import contracts expire. The affected utilities are aware of these changes, of course, and there is good reason to believe they will deal with those affected to assure their customers low cost, reliable supplies.

GENERAL

Question 12: How close do DOE's energy budget priorities and program elements fit with the utility industry's plans as represented by EPRI's budget breakdown?

Answer: Research and development programs conducted by the Department complement efforts by the utility industry.

In general, DOE's R&D programs emphasize long-term, high risk efforts which support a mix of technologies aimed at improving our understanding of the fundamentals of matter, expanding domestic energy supplies, and achieving greater efficiency in energy use. In addition to specific energy technology programs, DOE conducts research in basic energy sciences and on the health and environmental phenomena associated with energy technologies.

EPRI's R&D strategy focuses primarily on the short-term and mid-term (the next 10 - 15 years). EPRI has developed an R&D strategy which has four major components:

- Enhance reliability, efficiency, and productivity (including resolution of nuclear safety issues and work on an Advanced Light Water Reactor);
- Develop viable conservation and demand-management technologies;
- Respond to environment and health issues; and
- Develop and demonstrate advanced technologies that meet resource, economic and environmental guidelines.

In the area of Light Water Reactor (LWR) technology, the Department has recently signed an agreement with EPRI to begin cooperative, cost-shared work on a utility sponsored Advanced LWR program. The Department's support of this work on innovative safety and design features is essential to enable an opportunity to develop and achieve NRC certification of economic and safe reactors for the future. The majority of funding for this effort will come from the private sector. The significant majority of DOE's nuclear R&D funding is focused on long-term applications to meet both military and civilian objectives.

Although there is substantial overlap in the strategic goals of DOE's and EPRI's R&D programs, there is differentiation in the timeframes of most of these programs. EPRI's focus is primarily on technologies which could be characterized as "near-term", technologies which are ripe for industry to commercialize and are relatively low risk.

DOE's R&D efforts are primarily directed toward the development of "long-term" technologies which are not prospects for near term commercialization due to technical and economic risk.

Energy Information

Question 13: What is the status of the comprehensive study of the current and long-range impact of expanded coal marketing by foreign countries that was required by the FY85 Continuing Resolution?

Answer: The Energy Policy and Conservation Amendments Act, PL 99-58, § 203, requires the subject analysis. The Energy Information Administration (EIA) is completing the study, which is scheduled for submission by the statutory deadline of April 3, 1986.

ACID RAIN RESEARCH AND RELATED CONTROL TECHNOLOGY PROGRAMS

Q. 14: Recently the United States and Canada released a report on acid rain which calls for a $5 billion program in the U.S. to demonstrate clean-coal technology, with the cost to be split between the government and industry:

a. What is the current and FY 87 Federal acid rain program?

b. What is the Administration's position on this recommendation?

c. What is DOE's specific role in implementation of this program?

A. 14a: The current and FY 87 Federal acid rain program under the National Acid Precipitation Assessment Program (NAPAP) continues to focus on resolving critical cause and effect uncertainties. In addition, DOE's acid rain related research supports longer range, more advanced clean coal concepts as compared to the present demonstration program funded in P.L. 99-190.

(in $millions)

	Enacted FY 86	Adjusted FY 86	Request FY 87
NAPAP Research			
Total Interagency	$83.	-	$85.
DOE	$ 8.4	$ 8.0	$ 9.0
--ER	$ 6.9	$ 6.6	$ 7.5
--FE	$ 0.7	$ 0.7	$ 0.8
--EH	$ 0.8	$ 0.7	$ 0.8
FE Acid Rain Related R&D		$77.0	$44.6
FE CCTP a/	$99.4	$99.4	$149.1
EH Policy Analysis	$ 0.2	$ 0.2	$ 0.2

a/ Total of $397.6 million in funding for Federal share in 1986 Continuing Resolution

The 47 percent decrease in the FY 87 request from the FY 86 FE acid rain related research budget results from an overall decrease in all program subelements. Several areas, however, comprise a majority of the decrease. For example, there are no moneys requested for the atmospheric fluidized bed combustion project in Paducah, Kentucky, which was budgeted at over $14 million this fiscal year, since the action is completed. The FY 87 coal preparation budget request is roughly half the FY 86 budget of $12.7 million, and the FY 87 request for heat engine research is $4.4 million less than in FY 86, about 65 percent of the FY 86 amount. These reductions, of course, reflect our program reviews in light of the present budget reduction considerations and are generally less than other office of Fossil Energy reductions. Additionally, the added Clean Coal demonstration initiative with this R&D program provides an actual overall increase in acid rain related Federal control technology development funding.

A. 14b. The U.S./Canada Special Envoys' report of January 8, 1986, is being reviewed by the Administration, including a thorough review by DOE and the other agencies involved in the interagency acid rain research program. Until these reviews are complete, the Administration will not take a position on the report's recommendation. I do expect, however, that a position will be announced before or at the March 18th summit meeting between the President and Canadian Prime Minister Mulroney.

A. 14c: DOE, one of the five principal funding agencies for NAPAP, maintains an active role in the direction and management of this program. While the Department is the coordinating agency for the Task Force's Group on Emissions and Controls, which manages and oversees the implementation of research in this area by all participating agencies, it is also represented by senior scientists on the other task groups.

The Department also has representatives on both the NAPAP Interagency Science and Policy Committees. As Secretary, I represent DOE on the Joint Chairs Council--the top management level of NAPAP.

The other programs are implemented by the offices shown in the chart given earlier. Nearly all the effort is within the Office of Fossil Energy.

ACID RAIN

Question 15: U.S. and Canada special envoys, Messrs. Lewis and Davis have recommended to the Prime Minister and President Reagan, a $5 billion U.S. clean coal technology demonstration program to address the acid rain issue. How does the requested $400 million clean coal technology program fit into that recommendation? What will be the Administration's response to Mr. Lewis' recommendation?

Answer: The Clean Coal Technology Program (CCTP) now being initiated at DOE has much in common with the innovative technology demonstration program recommended by the envoys, but also has some differences.

The $397.6 million CCTP will, in the envoys' terms, actually be at a minimum an $800 million program when one includes industry cost-sharing at the minimum required ratio of 50-50. Of course, if the projects selected involve higher industry cost-sharing ratios, the total will be higher. For example, if the industry cost-share averaged 75% the total program size could be over $1.5 billion.

There are two major differences between the two programs.

- Size and Duration. The envoys recommended a $5 billion, 5 year program versus the $800 million to $1.5 billion, 3 year CCTP.

- Criteria. The envoys recommend 5 criteria:

- Projects that have the potential for the largest emissions reductions, measured as a percentage of emission reduction (measured as a percent of SO_2 or NO_x removed).

- Within the above, achieve reductions at the cheapest cost per ton.

- Emphasize technologies applicable to the largest number of existing sources.

- Emphasize sources that contribute to transboundary air pollution.

- Emphasize facilities currently dependent on use of high sulfur coals.

There are some ambiguities in the presentation of the criteria for the Drew Lewis recommendations, including whether an acid rain program would be applicable to other than retrofit projects.

The DOE program, in contrast, is not limited to either specific types of coal or specific market applications. The legislative history for the Clean Coal Technology Program requires that there be a full and open competition and that the solicitation be open to all markets utilizing the entire coal resource base.

The report, and specifically the recommendation for the innovative control technology demonstration are currently under review by the Administration. It is expected that a response will be forthcoming by the time of the next U.S./Canada summit meeting on March 18, 1986.

CLEAN COAL TECHNOLOGY PROGRAM

Question 16: P.L. 99-190 makes available $397.6 million for clean coal technology programs for FY 1986, FY 1987, and FY 1988. However, the total for Fossil Energy in DOE's budget request does not reflect such funding. Would you please explain this discrepancy?

Answer: The $397.6 million for clean coal technology programs was made available and transferred to the Clean Coal Technology Reserve by P.L. 98-473 from funds previously appropriated in the Energy Security Reserve. The $149.1 million was included in the President's FY 1987 budget request under the Clean Coal Technology Program as a "non-add" item, reflecting the fact that no new appropriations are required.

CLEAN COAL TECHNOLOGY PROGRAM

Question 17: The Department of Energy on January 30, issued a draft solicitation for proposals to cost-share clean coal projects. Can you tell us what the status is and the timetable for implementing this program? How many projects are likely to be proposed and how many do you estimate will receive funding from the appropriations made available?

Answer: The final Program Opportunity Notice (PON) will be issued on February 17, 1986. Proposals are due by April 18, 1986. Selection will be made no later than August 1, 1986.

The PON is for a full and open competition among all clean coal technologies. As such, we have no way of knowing how many projects will be proposed, and consequently, we have no way of estimating how many will receive funds.

CLEAN COAL TECHNOLOGY PROGRAM

Question 18:	Congress has made it very clear that these funds are to be utilized for a demonstration program, not a program to conduct fossil energy research and development. How can the Committee be assured that the fossil R&D program will not be funded out of the $400 million?
Answer:	The Program Opportunity Notice (PON) makes it clear that the funds appropriated, less amounts required by law to be transferred for the Small Business and Innovative Research (SBIR) program, are to support clean coal technology projects to demonstrate the feasibility of these technologies for future commercial applications. The technical evaluation criteria address commercialization factors, and demonstration project factors; they were designed in response to the Clean Coal Technology Program guidelines which appear in the legislative history.

CLEAN COAL TECHNOLOGY PROGRAM

Question 19:	Does the Administration have any plans, or have any discussions taken place, to send Congress a rescission or deferral message with respect to clean coal funds?
Answer:	The Administration has no plans at this time to send Congress a rescission or deferral message on the Clean Coal Technology Program. In addition, no discussions have taken place in this regard.

CLEAN COAL TECHNOLOGY PROGRAM

Question 20: Your draft solicitation notes that the DOE will provide Congress with a report on the proposals selected and with a comprehensive report on all proposals received.

a. When can we expect these reports?

b. Will those reports include any recommendations with respect to use of the additional $350 million remaining in the Clean Coal Technology Reserve?

Answer: a. The reports will be provided to Congress as soon as practicable after selection.

b. It is not anticipated that the reports will include recommendations on the use of the funds remaining in the Clean Coal Technology Reserve. The reason is that the reports will deal with the proposals received under the PON, to be issued on February 17, 1986, which is for a full and open competition among clean coal projects for the funds which have been appropriated and are available.

Question 21 (a): Would you please describe for the Committee the procedure and schedule under which payments to states will be made as a result of the Supreme Court decision not to hear the Exxon oil price violations case (561 F. Supp. 816 (1983))?

Answer: As a result of the United States Supreme Court's refusal to grant Exxon's petition for _certiorari_ in _United States v. Exxon_, 54 U.S. Law Week 3499 (January 28, 1986), the judgment and order of the United States District Court for the District of Columbia is now final. Pursuant to that order, Exxon must pay into the United States Treasury by February 27, 1986, almost $2.1 billion in overcharge refunds. The court's order requires that ten days after receipt of Exxon's full payment, the DOE disburse the funds to the States and U.S. territories and possessions based upon their _pro rata_ consumption of petroleum products during the period of the violations.

Question 21 (b):	What are the estimated payments to each of the states and territories?
Answer:	The amount of the final payments will not be available until the date of disbursement as interest continues to accumulate until that date. Furthermore, the DOE plans to submit its proposed payment schedule to the court and, thus, it may be subject to adjustment based upon the court's review.
Question 21 (c):	What procedures have been or will be established to assure that payments will be expended as required under the District Court decision?
Answer:	Pursuant to the court's order, each jurisdiction is required to report to the court and the DOE annually on how the funds have been used until all funds are expended.

Question 22: Last year the Administration proposed that the Petroleum Overcharge Restitution Fund monies in escrow, or expected to be placed in escrow, be used to fund certain energy conservation programs of the Department of Energy, and the Low Income Energy Assistance program within the Department of Health and Human Services.

Can we expect to receive similar legislation again and will there be changes from the legislation offered in the last session?

Answer: No decision has been made on whether to submit legislation at this time. The decision, in part, will depend upon the outcome of settlement discussions in the Stripper Well case. If a settlement is reached, the question of legislation may be moot depending on the terms of the agreement.

Question 23 a: What is the current amount of overcharge funds in escrow?

Answer: As of January 31, 1986, the total amount of overcharge funds in escrow was $1,163,140,296.98. This includes principal and earned interest

Question 23 b: Please provide a projection of escrow funds available in FY87, FY88, and FY89.

Between February 1, 1986, and the end of FY89, it is estimated that additional escrow funds in excess of $6.3 billion will become available. Included in this total is $2.1 billion in receipts expected by March 1, 1986, resulting from the settlement with Exxon and $20 million from Marathon. Due to the fact that settlement negotiations are still in progress, it is not possible to estimate, with any degree of reliability, when the remaining $4.2 billion will become available. However, it is expected that these funds will be received by the end of FY89.

Question 23 c:	What is the Department's policy regarding the eventual disposition of these funds?
Answer:	With respect to direct restitution the Department plans to follow OHA's current procedures. The Department is currently studying how best to achieve indirect restitution.

QUESTION 24:	How many separate court settlements, which require some type of disbursement of oil overcharge funds, were handed down since the Committee's 1985 oversight hearings? Please provide a list and the decisions by the courts as to where the funds are supposed to go.
ANSWER:	Cases which make funds available for restitution through either settlement or judgment entered by the court, are as follows:

1. Seneca Oil Co. v. DOE (W.D. Okla.) -- Judgment against a crude oil producer for $1,741,597.77. DOE has not yet received any monies, however, because Seneca is in bankruptcy. When received, the monies will be deposited in DOE's escrow account.

2. Jones Production Co. v. DOE (W.D. Okla.) -- Judgment against a crude oil producer for $285,000 plus interest. The monies have been deposited in DOE's escrow account.

3. Mobley v. DOE (W.D. Okla.) -- Judgment against crude oil producer for $1,095,622 plus interest. The monies have been placed in DOE's escrow account.

4. In re Marion Corporation (S.D. Ala.)-- Bankruptcy Court approved a settlement agreement which requires Marion, a crude oil reseller, to pay $8 million plus interest to DOE. The monies have been placed in DOE's escrow account.

5. United States v. Harrington (E.D. Cal.) -- Judgment against motor gasoline retailer for $6,773.51 in collection action for enforcement of a remedial order. The remedial order required the monies to be deposited in the U.S. Treasury.

6. In re: Minro Corp. (S.D. Tex.) -- Bankruptcy Court approved a settlement agreement which requires Minro, a crude oil reseller, to pay $1,664,130.79 to DOE. The monies have been placed in DOE's escrow account.

7. Christmann & Welborn v. DOE (N.D. Okla.) -- Judgment against a crude oil producer affirming remedial order and requiring firm to pay $5,279,414 plus interest. The order also provides for a remand of the remedial order for reformation of the first purchaser remedy in view of decontrol. The monies have been placed in DOE's escrow account.

8. Citronelle-Mobil Gathering, Inc. et al. v. Herrington et al. (S.D. Ala.) -- Court entered judgment against plaintiffs for crude oil pricing violations on December 30, 1985 in the aggregate amount of $3,539,434.64 plus interest. Both sides have filed Motions to Alter or Amend the judgment. Motions are pending. The court has the issue of the distribution of the monies under advisement.

Energy Conservation

Question 25: Will the recent decline in world oil prices prompt any changes in the Departments' energy conservation policies? If so, please describe them in general.

Answer: Despite the current favorable oil situation we will not become complacent. The Administration's energy goal remains an adequate supply of energy at reasonable cost. The Department's approach to energy conservation has not changed.

Energy Conservation

Question 26: The FY 87 budget proposes a reduction in energy conservation from an estimated $427 million to $39 million. Considering estimates by the Energy Information Agency that U.S. petroleum production will be reduced by half and imports will double in the next decade, wouldn't it be prudent to maintain Federal efforts to conserve energy, particularly petroleum?

Answer: Reductions have been taken in both Conservation and Renewable Energy programs and the other civilian R&D programs such as Nuclear and Fossil Energy. No one program was singled out for budget cuts. The reductions in the Conservation programs have been taken across all technologies and end-use sector programs in a balanced way. Although the FY 87 budget proposes a funding reduction from $169 million to $71 million (58%) in energy conservation R&D, we will continue to address a balanced portfolio of technologies, while at the same time contributing to the Administration and congressional goal of reducing the Federal budget deficit.

The budget request for the conservation grants program is $5 million, which is a reduction of approximately 98% from last year's request of $256.6 million. We believe, however, that the State and local governments will have adequate resources to carry out those efforts which they consider to be most effective and useful. Over the years, the States have expanded their capability to function without Federal involvement in these program areas. The State and local infrastructure is now in place to implement these programs at the State and local level, and this is the most appropriate governmental level for the responsibility for these programs. It is anticipated that up to $3 billion will be made available to the States through the settlement of petroleum pricing violation cases and these funds will be available to help the State and local governments finance weatherization and other energy-related activities. These monies, together with those requested in the President's budget for the Low Income Home Energy Assistance Program, amount to roughly a doubling over recent appropriated funding levels. Program direction funding of $5 million is requested to provide for an orderly transition from Federal to State operated programs. No grant funds are requested in the FY 87 budget.

Energy Conservation

Question 27a: Despite the budget request, does the Department continue to regard conserved energy as a resource?

Answer: Energy conservation is a resource which plays a critical part in building our Nation's energy strength. Our commitment to energy security means that the Nation cannot afford to drift. The United States must never again allow itself to become as vulnerable to foreign supply disruptions as it was in the 1970's. Energy conservation has proven to be the most expeditious way to reduce our need for new or imported energy resources; and in fact it now contributes more to balancing our national energy ledger than does any single fuel source. Therefore, we will maximize our resources to advance the state-of-the-art in these technologies, while at the same time contributing to the Administration and congressional goal of reducing the Federal budget deficit.

RESEARCH AND DEVELOPMENT

Question 27(b): The Department is preparing to reduce R&D on this "resource" from an estimated $169 million to $70 million? How much does the Department propose to spend on R&D on other resources such as nuclear, coal and petroleum?

Answer: In keeping with the Congressional goal of reducing the federal budget deficit, the Department is proposing to spend $995.1M on other energy resource activities in FY 1987 as compared to $1,459.1M in FY 1986. Estimates for these activities are provided below:

RESEARCH AND DEVELOPMENT

	Budget Authority (in millions)	
	FY 1986 Estimate	FY 1987 Request
Magnetic Fusion	365.4	333.0
Nuclear Energy	377.4	332.7
Fossil Energy	343.0	150.1
Clean Coal Technology	(99.4)a/	(149.1)a/
Conservation Research and Development	170.9	71.2
Solar and Other Renewables	173.6	91.9
Electricity Energy Systems and Storage	28.8	16.2
Total Other Energy Resources	$1,459.1	995.1

a/ Non add; transfers of previously appropriated funds.

WEATHERIZATION ASSISTANCE PROGRAM

QUESTION 28 (a): Since when is providing assistance to the elderly and the handicapped the exclusive responsibility of the States?

ANSWER: The goal of the State and Local Assistance Programs is to encourage energy conservation initiatives at the State and local levels through a mix of activities and programs, including technical assistance, and developmental/demonstration projects to enhance State/private sector involvement in energy conservation. Over the years, the States have expanded their capability to function without Federal involvement in these program areas. The State and local government infrastructure is now in place to implement these programs at the State and local level, and this is the governmental level which is closest to the needs addressed by these programs. In addition, States are becoming increasingly active in developing their own programs and involving both public and private groups in these efforts. We believe that the State and local governments will have adequate resources to carry out those efforts which they consider to be most effective and useful. Up to $3 billion will be made available to the States through the settlement of petroleum pricing violation cases and these funds will be available to help finance weatherization and other energy-related activities. These monies, together with those requested in the President's budget for the Low-Income Home Energy

Assistance Program, represent roughly a doubling over recent appropriated funding levels. For these reasons it is appropriate at this time to transfer to the States the direct responsibilities for these programs. To that end, in FY 87 program direction funding is requested to provide for an orderly transition from Federal to State operated programs. No grant funds are requested in the FY 1987 budget.

WEATHERIZATION ASSISTANCE PROGRAM

QUESTION 28 (b): What percentage of eligible low-income homes have been weatherized under this program?

ANSWER: Based on the 1980 census it is estimated that approximately 14.4 million households are at or below 125% of poverty and consequently eligible for assistance under this program. As of December, 1985, approximately 1.5 million low-income homes had been weatherized under this program. This figure represents approximately 10% of the homes eligible under the program.

WEATHERIZATION ASSISTANCE PROGRAM

QUESTION 28 (c): What specific steps has the Department taken to assist the States in assuming "their" responsibility for these services?

ANSWER: Several demonstrations have been undertaken to explore innovative financing options available to States and local agencies. We have recently initiated a 5-State pilot project to assess the capability of States to stimulate private and non-Federal support of low-income residential retrofitting. An innovative financing initiative was undertaken in response to the need to develop wavs of supplementing Federal weatherization funds. Models demonstrating shared savings, bank participation, and energy services company business development are being concluded. New models testing hybrids of these initial shared savings approaches are underway.

ENERGY CONSERVATION

Question 29a: What is the average payback period for the energy efficiency improvements made under the schools and hospitals grant program?

Answer: The average payback for energy efficiency improvements funded by the schools and hospitals grant program during the seven cycles completed to date is 3.8 years.

ENERGY CONSERVATION

Question 29b: Considering that these paybacks constitute a long-term savings to education and health costs, aren't the schools and hospitals grants a good investment?

Answer: The energy efficiency improvements, paid for in part with these funds, are indeed a good investment for the schools and hospitals involved. It is for this reason that we believe that State and local governments, particularly as they employ innovative financing approaches such as shared savings arrangements, will continue to carry out those efforts which they consider to be most effective and useful.

ENERGY CONSERVATION

Question 29c: What percentage of eligible schools and hospitals have received grants to implement energy efficiency improvements?

Answer: Through the program's first seven funding cycles, approximately 8 percent of the eligible school and hospital buildings have had improvements funded in part by grants.

ENERGY CONSERVATION

Question 30: The budget points out that funds are expected to become available to the state through the settlement of petroleum pricing violation cases and that these funds will help to finance energy-related programs. How much funding is expected to become available?

Answer: In addition to the $2 billion available to states from the Exxon/Hawkins Field case, funding available from restitution of other oil price violations could exceed $6 billion for the period 1986 to 1989. However, final determinations have not been made about the disposition of funds from the other violations, so we cannot say how much will be available to states.

Conservation

Question 31: Would you please provide the Committee with the conservation program's request to the Department and the Department's request to OMB?

Answer: Data on the conservation program's request to the Department and the Department's request to OMB was provided to the Committee on the FY 1987 Holifield Table. A copy of the Holifield Table for the conservation program is attached.

BALBAP
15:54 1/28/96

DEPARTMENT OF ENERGY
FY 1997 CONGRESSIONAL TABLE
(DOLLARS IN THOUSANDS)

BY APPROPRIATION
PAGE 26

A/S CODE	ACCOUNT TITLE	FY 1996 IN FY97 STR B/A	FY 1997 A/S REQ. B/A	FY 1997 OMB REQUEST B/A	FY 1997 CONG. REQ. B/A
994000	CONSERVATION				
79344	TRANSPORTATION..	56,637	40,750	43,000	19,000
79350	INDUSTRIAL..	40,096	43,000	39,003	15,623
79360	BUILDINGS AND COMMUNITY SYSTEMS.........................	37,280	49,270	36,280	14,150
79375	MULTI-SECTOR..	25,574	32,700	28,917	19,850
79370	FACILITIES..	9,600	------	------	------
79422	POLICY AND MANAGEMENT - (CE)EC).........................	1,607	4,099	3,065	1,792
79425	POLICY ANALYSIS...	------	------	------	------
79381	SUBTOTAL, CONSERVATION RESEARCH AND DEVELOPMENT.......	170,882	169,819	150,265	71,215
79382	STATE AND LOCAL...	256,630	286,649	166,063	5,000
79429	SUBTOTAL ENERGY CONSERVATION............................	427,512	456,468	316,328	76,215
79633	APPROPRIATED TO HHS CS (EC - (C)........................	------	-239,156	-139,197	------
79629	USE OF PRIOR YEAR BALANCES..............................	------	------	------	------
79769	USE OF FY96 DEFERRAL - (CE)EC...........................	------	------	------	-36,782
79751	SAVINGS FROM MANAGEMENT INITIATIVES - (CE)EC AND......	------	-4,000	------	------
79770	EMPLOYMENT FLOORS.......................................	------	------	------	------
994999	TOTAL, ENERGY CONSERVATION..............................	427,512	213,312	177,131	39,433

QUESTION 32. With regard to AST-5 recently conducted by the IEA member countries, would you supply for the record:

a. A description of the objectives, design, and assumptions for the test?

b. The rationale for excluding States and "non-reporting" companies from participation in AST-5?

c. A preliminary evaluation of the success of the test in achieving its objectives?

ANSWER 32(a): The 21 member governments of the IEA approved the AST-5 Test Guide, which provides the technical details for conducting the exercise. The main objective of AST-5 was to train the IEA Secretariat, member government and oil company personnel in the essential procedures and mechanics of the IEA's Emergency [Oil] Sharing System (ESS), which include:

- compilation, transmission, handling, and verification of data on the detailed flows of oil supplies for countries and companies;
- communication of Supply Rights for countries, as well as Allocation Rights and Obligations; and
- transmission and matching of Voluntary Offers for international redirection of oil among companies and countries.

Other test objectives were to evaluate the use of "dirty data" in the exercise and to test the ability of the ESS to deal with the additional burden of matching Voluntary Offers that for unspecified reasons were not implemented after the initial matching process.

Moreover, the IEA determined that it is not possible to simulate how markets would actually react during a major supply disruption within the environment of a test or training exercise. Therefore, the IEA concluded that it did not intend AST-5 to be a test of government policies or programs.

ANSWER 32(b): It is clear that the IEA's objectives for AST-5 focused on those entities that have a direct role in the operation of the IEA ESS (i.e., IEA Secretariat, Reporting Companies and Member Governments). States and Non-Reporting Companies do not have such a direct role.

Nevertheless, to maximize the educational value of AST-5, the Department of Energy (DOE) invited interested states and Non-Reporting Companies to become involved in the exercise. Representatives of twelve states and nine Non-Reporting Companies accepted our invitation to attend the AST-5 training session held by the DOE on July 30, 1985. We were prepared to provide all states with instant access to the DOE's reports and other information on AST-5, and 24 states and 23 Non-Reporting Companies took advantage of this opportunity. The DOE also held a debriefing session on AST-5 on January 14, 1986, which was attended by representatives of four states and seven Non-Reporting Companies.

The DOE elected to simulate Non-Reporting Company activities with respect to Voluntary Offers. We did so because it would be burdensome to these companies to train them on this aspect of the IEA system. Moreover, the submission of Non-Reporting Company Voluntary Offers to the IEA in the event of an actual disruption would be by the DOE.

ANSWER 32(c): The Fifth Allocation Systems Test (AST-5) of the International Energy Agency (IEA) provided a substantial opportunity for the staff of the DOE, the lead agency of the U.S. National Emergency Sharing Organization (NESO), to continue to develop "hands on" experience in carrying out its direct responsibilities under the IEA's ESS. Approximately 100 U.S. Government personnel received this valuable training. Many of these personnel worked closely with the U.S. Reporting Companies to facilitate industry participation.

In addition, the U.S. NESO used the occasion of the test to promote an awareness of the IEA and the ESS among domestic groups. The U.S. NESO provided background information on the IEA and status reports during AST-5 to representatives of 23 states and 24 Non-Reporting Companies.

With respect to training, personnel involved in the exercise gained substantial experience in the operation of the ESS. Training sessions and detailed exercise manuals for companies and NESO personnel were invaluable in the course of the exercise. Participants responded in a conscientious and thoughtful manner, met deadlines for data submissions and exhibited a spirit of cooperation throughout the exercise.

With respect to the use of "dirty data" in the test, data discrepancies were not as wide and varied as had been anticipated. Discrepancies were corrected through timely consultation among companies, countries, the U.S. NESO and IEA.

Finally, to test the flexibility of the Voluntary Offer matching process, the IEA selected for arbitrary "non-implementation" 5% to 10% of the Open Voluntary Offers which were initially matched in the first cycle of the exercise. Offers were successfully rematched by the IEA. Thus, the U.S. NESO believes that all of the IEA test objectives for AST-5 were met.

Question 33: Upon completion of AST-4 in 1983 by the member countries of the International Energy Agency, the Administration was criticized for its continued insistence that a fair-sharing program was not needed to insure voluntary offers from oil companies during an emergency.

a. What is the current U.S. position on the need for fair-sharing under the International Energy Program?

b. Was IEA fair-sharing system tested either internationally or domestically during AST-5?

Answer 33 (a): We believe that the United States can remain within its IEA "supply right" by pursuing our policy of primary reliance on market forces to determine the price and allocation of energy supplies during an emergency, coupled with early use of the Strategic Petroleum Reserve and the Government's urging the private sector to engage in economic energy conservation and fuel switching during the emergency, prescribing emergency energy conservation measures in the Federal sector, and urging the avoidance of panic-driven market behavior. As long as the U.S. remains within its supply right, we would not have an allocation obligation under the International Energy Program; hence, domestic oil companies would have no occasion to need any form of "fair sharing" program.

ANSWER 33 (b): Consistent with the training objectives of AST-5, as well as national policy, member governments could elect to simulate the implementation of their domestic emergency programs. The U.S. remained within its supply right during the AST-5, and did not simulate the implementation of any fair sharing program.

QUESTION 34: Assuming that the AST-5 scenario was a realistic one,

a. What Strategic Petroleum Reserve distribution problems were exposed during AST-5, as distinguished from the SPR test sale?

b. Were the SPR program suspended as proposed by the Administration, how many days of protection would the SPR provide under the AST-5 scenario as anticipated and as it played out?

ANSWER 34(a): As noted in our response to a previous question (Question 32, above), AST-5 was a training exercise to review the operational readiness of the essential procedures and mechanics of the Emergency Sharing System. No movement of oil was contemplated by the IEA test design. Use of the Strategic Petroleum Reserve (SPR) was simulated by the U.S. to increase familiarity on the part of U.S. Reporting Companies in accounting for stockdraw in their data reports to the IEA. Consequently, AST-5 provided no basis for ascertaining any problems with regard to distribution of the SPR.

ANSWER 34(b): In the first cycle of AST-5, the IEA scenario resulted in a "direct loss" to the U.S., that is before any rearrangement of supply by companies, of approximately 1.1 million barrels per day (MMB/D) over the 3 month test period October-December 1984. At that level of loss, the SPR would currently afford approximately

450 days of full protection. In AST-5, the U.S. simulated the maximum SPR drawdown/distribution rate during the test period (i.e., October - December 1984), which was, on the average, about 2.1 MMB/D. This rate was more than sufficient to meet the U.S. loss, and, after rearrangement of oil by companies, resulted in the U.S. having the right to receive oil from other IEA countries at the rate of about 500 thousand barrels per day over the 3 month period.

In the second cycle of AST-5, the IEA scenario included, for unspecified reasons, the loss of Alaskan North Slope crude oil production. This change in the scenario resulted in total "direct losses" to the U.S. of approximately 2.85 MMB/D over the period November 1984 - January 1985. Although the SPR would not have provided full protection in this hypothetical situation, the U.S. had a right to receive oil from IEA countries at the rate of approximately 1.4 MMB/D over this 3 month period.

Question 35: Under one AST-5 scenario the United States would actually be entitled to receive oil through the IEA sharing agreement. In your judgment, is this possibility likely or remote? Is the United States more likely be obligated to supply oil to other IEA member countries?

ANSWER: Since the purpose of AST-5 was to provide an opportunity for training in the operation of the ESS, the IEA scenarios were not necessarily realistic given current oil market conditions and unused crude oil production capacity worldwide. However, our ongoing analysis leads us to conclude that in the event of a major supply disruption which would result in IEA activation, the effect of our policies, over time, would be for the U.S. to be entitled to receive a moderate amount of oil from other IEA countries.

QUESTION 36: During the summer of 1984, the United States reached agreement with the other IEA member countries regarding early and coordinated world-wide stock drawdown of strategic reserves in response to an international energy emergency.

a. In AST-5 did the IEA member countries consider the use of such a coordinated drawdown in lieu of, or in conjunction with, invocation of the oil sharing agreement?

b. In AST-5, did any IEA member countries drawdown their strategic stocks?

c. Are the stocks of other IEA member countries adequate, for example, had AST-5 been real?

ANSWER 36(a) and(b): It was not the purpose of AST-5 to test the policies and procedures associated with the "Decision on Stocks and Supply Disruptions" taken by the IEA Governing Board in July 1984. Thus, there was no attempt at simulating coordinated stockdraw procedures as part of the test, either in lieu of or in conjunction with the operation of the ESS. The U.S. was pleased, however, that a number of countries simulated stock-use programs as part of AST-5 to promote national training benefits in this regard. These decisions to simulate stock drawdowns in AST-5 were arrived at independently by IEA member nations. We believe that AST-5 showed the usefulness of stocks in dealing with oil supply disruptions, and should serve as a basis for further work in this area.

ANSWER 36 (c): The U.S. does not consider the levels of accessible stocks held by all IEA countries to be adequate as measured by the days of net imports covered as of January 1986. In terms of accessible stocks, the U.S. has 141 days of coverage. Only 2 other countries have over 100 days of coverage on this basis, although 7 additional countries (including many of the larger IEA members) have 50 days or more of accessible stocks.

As we believe that the early use of stockdraw in large amounts would, ordinarily, be the most effective response to oil supply disruptions, we have urged other IEA members to increase their stocks to levels comparable to that of the U.S. and, thus, share the burden of holding and using stocks.

ENERGY INFORMATION

Question 37: The FY 1987 budget notes that the Financial Reporting System will be terminated. Isn't the Department required by law to continue this program?

Answer: The EIA is proposing to terminate the Financial Reporting System (FRS) in FY 1987. This program is legislatively mandated by the Department of Energy Organization Act, Public Law 95-91, section 205(h). However, the Administration has submitted proposed legislation in the Congressional Reports Elimination Act of 1985, S. 992 and H.R. 2518, to repeal the requirement. The FRS includes the collection and publication of financial and operating data on major energy companies. This data collection is excessively burdensome and is duplicative of some publicly available data. At a time when it is critical to control government spending, the costs of conducting this survey are disproportionate to its uses. Past FRS data and analysis have demonstrated that the major energy concerns surveyed do not show financial performance results indicative of anti-competitive behavior. EIA will continue to be able to analyze the industry's financial and operating performance in FY 1987 using publicly available information and the results of our 1986 data collection.

ENERGY RESEARCH AND DEVELOPMENT POLICY

Question 38: Recent articles in the trade press indicate that DOE is about to adopt an OMB proposed policy that future energy research and development activities be undertaken by joint venture.

a. Would you provide for the record a copy to the subject policy including DOE's description of the types of DOE activities that would be affected?

Answer: The cooperative R&D venture initiatives resulted from discussions with OMB and within the Department during the budget preparation process, but there is no formal policy document aside from the President's budget request. They are described in the FY 1987 budget request narratives for Fossil Energy Research and Development, Energy Supply Research and Development (Solar and Other Renewable Energy), and Energy Conservation. The budget proposes initiation of this funding mechanism in 1987. This does not represent a change in policy so much as creating more effective mechanisms for furthering Administration goals.

Question 38 b: What specific categories of DOE research would this policy apply to, for example, would it apply to research currently being conducted by the national contractor operated laboratories?

Answer: The policy primarily applies to the type of work currently performed by industry under DOE contracts. The selection of areas for joint ventures will result from the nomination of projects by the private sector proposers within broad areas. (The first may come from the areas of oil, gas or shale resources and underground coal gasification.) Basic and crosscutting research, usually done in universities and national labs will continue to be funded through research grants and contracts. While applied research done primarily by private corporations will be the main focus of the cooperative venture R&D program, there are no constraints in the Department's proposal which would preclude universities and national laboratories from participating.

Question 38 c: Would this policy apply to all DOE research and development activities, including civilian nuclear programs?

Answer: A pilot program is proposed for Fossil R&D, and preliminary discussions and solicitations of interest from industry are proposed for Solar/Renewables and Conservation. There are no plans, at present, to include civilian nuclear programs. The advanced reactor development portion of the civilian nuclear program is being refocused to provide a synergistic mix of near-term national defense R&D activities with activities related to prospective civilian requirements. Therefore the timing for considering cooperative ventures is not right for FY 1987. We would not preclude considering cooperative ventures for the civilian nuclear programs in the future.

Question 38 d: What specific statutory authority does DOE have for such a requirement?

Answer: DOE has statutory authority to enter into a wide variety of cooperative agreements with industry. Whether additional statutory authority would be needed would depend upon the nature of particular arrangements which might be devised or negotiated to meet the needs of particular programs.

Question 38 e: What would be DOE's policy regarding the conduct of research that the Department judged to be a priority but, for which, an industry joint-venture partner could not be located?

One of the primary objectives of this program is to increase industry involvement in establishing R&D priorities. In this way, there is likely to be a focus on applied R&D areas likely to be commercialized. DOE is most likely to be effective in setting priorities for longer-term, more basic research, such as that which is performed at universities and national labs. It is expected that DOE priorities for the more applied stages of development will continue to reflect industry priorities, much as they do now. During the phase-in of this funding mechanism, some technologies might be pursued via other means (i.e., contract, grant, etc.).

ENERGY RESEARCH AND DEVELOPMENT POLICY

Question 39: Currently, there are a number of programs within DOE that involve industry participation. In many instances, the private sector contributes personnel and equipment, but not necessary venture capital. Yet these arrangements are very useful in fostering technology transfer -- the very raison d'etre for DOE's programs. With DOE's new emphasis on joint ventures --

a: What will happen to the existing relationships between DOE labs and private industry?

Answer: The FY 1987 cooperative R&D efforts shouldn't change the relationships between DOE labs and private industry. It may be enhanced by drawing risk-sharing groups of companies into the earlier stages of research.

b: Will DOE require venture capital from private industries as a prerequisite to joint programs?

Answer: Yes, but the precise nature of the arrangements are negotiable.

c. If so, won't this have an overall detrimental effect on technology transfer?

Answer: No, the opposite result is anticipated. By increasing private sector cost sharing in applied research projects, participating companies are more likely to fully utilize the knowledge garnered from the research for commercial returns. The requirement for greater financial contributions from the private sector as a whole (but not necessarily from any one company, since they will pool their resources) will also provide better correlation between technology development priorities and the market place.

FOSSIL ENERGY BUDGET

Question 40: The budget for Fossil Energy has been slashed 73% from FY 1986 level.

a. Do the cuts apply across the board equally among Energy Technology Centers, the National Labs, Universities, and Industrial Labs? If not, what is the breakdown of cuts?

b. Do you foresee the termination of some programs in some facilities?

Answer: a. The program levels (actual planned available budget authority before offsetting financing mechanisms) reflects a 56% reduction, not a 73% reduction. This variance in funding from FY 1986 to FY 1987 does not apply equally among Energy Technology Centers and Project Offices, National Labs, Universities and Industrial Labs. In fact, Energy Technology Centers In-house research funding remains fairly constant. As for the other categories, the National Labs are reduced by about 60% and the Universities and Industrial research programs are reduced by about 70%.

b. Some programs currently funded in FY 1986 will not be continued into FY 1987. The list of major activities not continued into FY 1987 is as follows:

o Sufficient research data is available as a result of technology developments for the private sector to continue the following activities:

- Wilsonville two-stage liquefaction pilot plant
- LaPorte liquid phase methanol PDU

  - Waltz Mill fluidized bed gasifier
  - Phosphoric Acid fuel cells

- FY 1986 funding will, as previously planned, conclude DOE's contribution for the following two activities:
  - TVA's 160 MWe Atmospheric Fluidized Bed (AFB) demonstration project
  - KILnGAS coal gasification system

- Follow-on research and development activities for the Underground Coal Gasification program will be pursued through the Cooperative R&D Ventures Pool.

- The cost of continuing the Magnetohydrodynamics (MHD) program is not affordable in light of current fiscal constraints. MHD requires a very expensive development program, following proof-of-concept testing, to bring the technology to the point where utilities can decide whether it is a cost effective option for retrofits or new capacity. The termination of the MHD program includes ending operations of the Coal Fired Flow Facility (CFFF) in Tennessee and the Component Development and Integration Facility (CDIF) in Montana.

FOSSIL ENERGY R&D FUNDING

Question 41: DOE's budget request states that coal use for electricity generation by the year 2000 could amount to 23% of total primary energy use, and it is private sector responsibilities to take over to more advance technologies into commercial reality. Does DOE correlate total energy use with research funding? It is evident that much R&D is needed to remove environmental uncertainties in order for coal, our most abundant source, to be more environmentally acceptable and price competitive as a primary source.

Answer: In general, we find that correlating total energy use with research funding is not a useful way of looking at the need for either federal R&D support or for private sponsorship of R&D. For example, while oil and gas are our most intensely utilized fuels, there is little evidence to suggest that they should receive more private or public research emphasis than other fuels and energy resources.

We agree that there is a continuing need for research to remove the environmental uncertainties about increased coal use and to make coal use more environmentally acceptable and economically competitive. These are the objectives which underlie the whole DOE Coal Research Program.

COOPERATIVE R&D VENTURES POOL

Question 42: In 1987, DOE proposes to transform most of the fossil energy R&D to private industry. DOE will become a minority partner in all ventures, and as stated in the request that the pooling serves as a risk sharing mechanism and Federal funding contributes to those projects being more risky than most private funding would normally fund.

a. It seems that this concept of Cooperative R&D Ventures Pool would entice more marginal projects that the private sector would not normally undertake. What is the mechanism to ensure that Federal funding will be most cost-effectively applied to make joint ventures productive on worthwhile projects?

b. If Federal funds are slightly less than half of the total funding, then theoretically, the Federal funding will only be stretched out at more than twice the amount. Would it be more beneficial for DOE to have a better defined goal in R&D to continue the R&D effort but to increase its efforts in technology transfer?

Answer: a. Fossil Energy proposes to only target approximately 8 percent of the FY 1987 budget request for the ventures pool initiative. The Department hopes to phase in greater percentages of the industrial R&D budget in future years. The R&D joint ventures pool should encourage the industry to propose superior rather than marginal energy research and technology development projects by requiring that the private sector put up the majority of funds for the effort compared to the current policy of relying on up to 100% Federal funding and thereby substantially avoiding private sector financial and technical project risk.

In addition, the selection and pursuit of only worthwhile joint ventures projects can be assured through the application of a comprehensive ventures project review and evaluation process.

b. The concept of research and technology development joint ventures does not compromise national research and development goals. Proposed ventures will still be evaluated and judged in terms of their responsiveness to national goals and objectives as well as the quality and value to the Nation of the proposed venture. However, the joint ventures concept is indeed intended to give the private sector greater flexibility, commensurate with their increased financial responsibility, in proposing specific technologies or U.S. resource development strategies and establishing project priorities. This approach is also intended to improve the transfer of any taxpayer-supported research and technology to a strong, internationally competitive U.S. industry and to ultimately transfer it to commercial practice, producing valuable consumer goods, jobs and profits.

FUEL CELLS

Question 43: Fuel Cells Program is purported to support high risk, high payoff technology base development, and to assist private industry in developing hydrocarbon fuel conversion technology to increase the cost-effective, efficient, and environmentally acceptable use of conventional and alternative hydrocarbon fuels. What is the breakdown of funding levels for basic and generic research on fuel cells vs. assisting manufacturers in fabricating products?

Answer: The Fuel Cells funding level proposed by the Administration addresses the need to support high risk, high payoff technology base development. The molten carbonate and advanced concepts programs involve research to achieve proof-of-concept, component development, and technology verification. No funds were allocated for product fabrication because these technologies have not advanced to the product stage. The Department's position is that the private sector will be fully capable of developing products with their own funding at the conclusion of the current, federally-sponsored technology development programs, as is the case with phosphoric acid technology that is being developed by the International Fuel Cell Corporation.

FUEL CELLS

Question 44: DOE not only zeroed the Phosphoric Acid system, but also drastically reduced Molten Carbonate Systems and other advanced concepts. It seems the advanced systems and concepts need funding to continue the basic research to resolve some fundamental problems with the fuel cells system, such as contaminations, corrosion, and mechanical deformations. Would you elaborate on the justification for 85% cuts on the Fuel Cells Program and the practical outcome of achieving the base technology with all the benefits mentioned above?

Answer: In the Molten Carbonate program, the International Fuel Cells (IFC) technology will be ready for full height/full stack testing by the end of the year. During the year, we will issue a competitive solicitation for full height/full stack testing, for which IFC and other firms may compete. In addition, techology base research on cell components and corrosion resistance will continue. DOE believes that this program is adequate to advance molten carbonate technologies.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 45: Will the $79 million reduction in advanced reactor R&D funding (from $129 million to $50 million) be partially offset by the $52 million increase (from $20 million to $72 million) in Space and Defense Power Systems? That is, will some of the work formerly funded under advanced reactor R&D be shifted to the Defense Power Systems account? How much of this dislocation is a real, as opposed to a "paper," reorganization?

Answer: The $52M increase in space and defense power systems is consistent with our prior year planning. These activities are part of working jointly with DOD and NASA on previously identified specific efforts to meet emerging needs for nuclear energy sources for both space and terrestrial applications. Given these near term needs, the need for fiscal restraint to meet deficit reduction targets, and the stretched out time frame in which advanced civilian reactors (beyond LWR's) are likely to be deployed in the U.S., the reduction in advanced civilian R&D is one of the tough choices the Department had to make.

Thus, the $79 million reduction in advanced reactor R&D funding for FY 1987 does not represent a "paper" reorganization. The civilian program will continue to sharply focus on high priority activities required for the advanced reactor systems and address the nearer term needs

Answer 45 (continued): for space and defense. Although the ultimate reactor designs are different, we do see some commonality between the civilian and defense programs in terms of technology and the sharing of the test facilities and human resources. These test facilities (requested funding of $121.8M) will continue to provide significant support to advanced civilian reactor systems development, as well as providing a resource for fuels and materials tests for space and defense applications.

The major impact of the reduction in advanced reactor R&D will be a slowed pace for High Temperature Gas Reactor and Liquid Metal Reactor innovative design work and conceptual evaluations; design R&D support (e.g., safety tests, fuel transient tests, etc.); nuclear fuel cycle R&D; oxide fuel and plant component R&D associated with international initiatives; and a phase-out of Reduced Enrichment for Research and Test Reactors activities. However, the reduction in reactor R&D funding at the national laboratories and industrial contractors may be offset by approximately $50-53 million of defense related R&D (including reimbursements from the Department of Defense and the Strategic Defense Initiative Organization).

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 46(a): Given the substantial shift in focus away from civilian reactors and towards military applications, of what value is DOE's Strategic Plan for Civilian Reactor Development, a draft of which was issued last October?

Answer: The essence of DOE's draft Strategic Plan for Civilian Reactor Development is to establish an agenda of requisite actions and tasks to develop advanced reactor systems that can be acceptable and competitive in a future market. While the pace of the program to fulfill that agenda must be adjusted to accommodate the priorities and budget constraints, it is the Department's intent to continue to operate our unique liquid metal reactor test facilities and conduct the R&D leading to advanced reactor systems at an appropriate time in the future. A draft Strategic Plan, revised based on consideration of comments received, will be valuable in guiding and focusing DOE's civilian reactor development programs, in helping assure complementary efforts by the private and public sectors, and in maintaining goals and objectives to ensure effective utilization of funds.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 46(b): Of what value is the ERAB panel's ongoing review of this Strategic Plan?

Answer: In his letter of August 9, 1985, Secretary Herrington asked the Energy Research Advisory Board (ERAB) to establish an ad hoc panel to review and comment on the Office of Nuclear Energy's strategic plan for the future development of civilian nuclear power. His letter expressed concern that "...we may not be doing enough to ensure that the nuclear option will be available to meet our future energy needs." ERAB's review will help provide the context of the Federal role in R&D and will be an important contribution to the continuing formulation of the Department's nuclear energy goals and to establishing the appropriate pace and direction of our advanced reactor program.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 47: Did DOE seek ERAB's advice prior to submission of its FY 87 budget? What other independent groups did DOE consult with before formulating its FY 87 budget for nuclear energy?

Answer: In conducting its nuclear programs, the Department maintains a continuous dialogue with a diverse group of organizations, including those associated with the nuclear industry. During the latter part of 1986, the Department requested the Civilian Nuclear Power Panel of the Energy Research Advisory Board (ERAB) to review its Draft Strategic Plan for the Civilian Reactor Development Program; that review is continuing. This panel included members of the nuclear industry. The Panel's preliminary views were known to the Department during consideration of the FY 1987 budget. It should be noted that the panel's review is largely independent of fiscal constraints which the Department must accommodate in setting its near term program priorities. Additionally, details of the budget are embargoed until the President's budget request is submitted to the Congress. Therefore, meaningful consultation on budget preparation with any independent group would be impossible.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 48(a): What specific aspects of the military applications program hold promise to directly meet civilian reactor program needs?

Answer: The principal area of interface is application of common technology such as liquid metal systems, fuels and materials and control systems. The most applicable military applications are those in the multimegawatt range of generating capacity--from 100 to 1,300 megawatts electric--for powering ground-based Strategic Defense Initiative (SDI) systems. The duty cycle required by these SDI systems places a premium on transient response and capability to rapidly power up for durations of a few minutes or longer depending on the power demand profile of the system.

The ten megawatt electric reactors, planned for military bases, are appropriate to command/control/communications/intelligence functions of SDI and the secure support power needs of Air Force operational units. Such reactors, using modular construction techniques and passive safety systems, could be adaptable for applications such as industrial cogeneration or power for remote locations, particularly where total life cycle cost of power or fuel supply logistics dominate the selection process. Experience in the nearer

Answer 48(a) (continued): term applications to military bases will be important in the development of a market for civilian applications.

Space power requirements and technology applications are still under development within the SDI community. It is known that space and weight factors will be at a premium. These factors dictate emphasis on high temperature fuel, coolant and materials technology as well as light weight, compact shielding, and remote instrumentation and control concepts. Some of these "space" technologies may benefit civilian power generating units. In addition, the nuclear power infrastructure in both our national laboratories and in segments of the private sector is positioned to support the various defense and space efforts. This infrastructure can benefit from both the civilian and military/space programs by maintaining a cadre of qualified scientists and engineers.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 48(b): Please explain the apparently sudden change of priority in regard to military vs. civilian applications.

Answer: The Department has provided R&D support for both the defense and civilian nuclear energy areas for decades and both areas will continue to be served by the proposed programs. It is our intent to integrate and coordinate those efforts to the maximum extent so as to minimize the overall cost. The priority of military programs has not changed; programs have expanded and moved ahead as planned while the overall funding stringencies have tightened. Two factors are at work. One is the decrease in orders by utilities for new nuclear generating capacity resulting in a relaxation, which may be temporary, of the urgency for advanced reactor technology for civilian service. The second is the emergence of the Strategic Defense Initiative (SDI) and its multiple concepts for which advanced nuclear power technology is frequently the most advantageous choice to meet power source needs. In the face of the urgent need to reduce Government outlays, the Department has recommended an adjustment of the civilian reactor development capability to meet growing SDI needs rather than the buildup of a new separate and costly program capability unique to SDI applications.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 48(c):	Has DOE obtained any firm indication from DOD that they are seriously interested in these military applications of nuclear power? In other words, are we assured that DOD will be an eager customer?
Answer:	Yes. The Department has entered into interagency agreements with the Department of Defense as well as the National Aeronautics and Space Administration. Several of our nuclear power programs are managed under these agreements. The Department of Defense has studies as well as letters from cognizant commanders indicating requirements for a wide range of power capabilities. Finally, DOD participates in the funding of the several cooperatively managed projects, thereby demonstrating their interest. The continued strong interest of DOD as a customer will ultimately depend on performance, with strong emphasis on cost effectiveness of these units. The inter-agency programs are placing heavy emphasis on these factors in order to further assure user interest prior to making a commitment to significant product development costs.

NUCLEAR ENERGY RESEACH AND DEVELOPMENT

Question 48(d):	To what extent is DOD willing to commit funding to DOE's military applications program?
Answer:	DOD has demonstrated a willingness to commit funding to DOE's military applications program in its FY 1987 budget request. A summary of the Department of Defense and Department of Energy FY 1987 funding requests for Space and Defense Power Systems activities is tabulated below:

($ in Millions)

	Energy	Defense
SP-100	$30.0	$50.0
Multimegawatt	23.7	22.5
10 MW Air Force	3.0	5.0
Dynamic Isotope	13.0	15.0
SNPSDR*	2.0	2.0
	$71.7	$94.5

---

*Small Nuclear Power Source Demonstration Reactor

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 48(e): What civilian nuclear research facilities can be utilized to conduct research in military applications? Will these facilities be credited via a "user fee" for services performed? Who pays the "user fee?"

Answer: Among major facilities, the Fast Flux Test Facility (FFTF) and the Experimental Breeder Reactor II (EBR-II) are prime test reactors for advanced high temperature fuels and materials development needed for defense nuclear power units. Other major national laboratories and test facilities with application to this program include the the Oak Ridge National Laboratory (ORNL) shielding and robotics development and test capabilities; the Energy Technology Engineering Center (ETEC) capability for testing high performance components in liquid metal coolant and performing shock and vibration testing to failure; and the Transient Reactor Test (TREAT) facility used to conduct transient tests in support of multimegawatt advanced concepts. In general, the technical expertise at our national laboratories and test facilities also can be utilized.

The Office of Nuclear Energy plans to assess the current user fee approach and to develop appropriate alternative approaches for the equitable sharing of costs at these facilities.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 48(f): Of what use is the ERAB panel's review of DOE's Strategic Plan issued last year, when in fact DOE has totally revised its plan? To what extent will the ERAB recommendations be factored into DOE's nuclear research strategy?

Answer: The major elements and direction of the plan are still valid. Adjustments in the pace and which goals are achieved will need to be made, however. The strategic planning process for nuclear energy programs will benefit from the results of the ERAB Panel review, and the recommendations of the Panel will be carefully considered in any revision to the plan. The Panel review is still in progress; therefore it is premature to comment on the extent to which its recommendations would be factored into our strategy.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 48G: The Department has been without an Assistant Secretary of Nuclear Energy for over 16 months now. How can DOE undertake any major reorganization of its nuclear program without this leadership? Who is driving the ship? What are the prospects of finding an Assistant Secretary in the near future? Will this new secretary be just a caretaker of a preordained program, or will the Department go through yet another disruption of program elements?

Answer: Mr. James W. Vaughan, Jr., who has extensive nuclear program experience, is the Principal Deputy Assistant Secretary for Nuclear Energy and has provided program continuity in the absence of the Assistant Secretary. This has required closer policy guidance on the part of my office, but I have complete confidence in Mr. Vaughan. He and his staff have provided me with excellent advice upon which to base policy and program decisions, and Mr. Vaughan has been effective in carrying out those decisions.

A candidate for Assistant Secretary has been identified and is currently in White House clearance. I expect that he will endorse and actively pursue our current directions. Accordingly, I do not expect any major disruptions of program or program elements when he is confirmed and is in place.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 49: With respect to the revitalization of the commercial nuclear power industry, it is obvious at this point that the industry alone will not (cannot?) resolve the many technical, financial, and regulatory obstacles to future growth. The ERAB panel that is reviewing the Department's nuclear R&D program recommends strongly that DOE place institutional reform high on its priority list.

Because such an effort probably would not weigh in heavily in terms of dollar commitment, the FY 87 budget may not accurately represent the level of importance that DOE places on institutional reform in the nuclear arena.

Could the Department indicate to this Committee the degree to which it will commit its (non-fiscal) resources and time to this effort in FY 87?

Answer: The Department continues to support government and industry efforts to improve the viability of the nuclear power option by removing unnecessary technical, financial, and institutional obstacles to future deployment of nuclear reactors. A substantial portion of the R&D on light water reactors is devoted to cost-shared programs with industry to pave the way for introduction of advanced, more standardized, light water reactors. Such plant designs, certified by the Nuclear Regulatory Commission and reviewed by rate commissioners and the utility industry in advance of a decision by the utility to construct new generating capacity, can provide a firm foundation for cost-effective and highly reliable nuclear power for the future.

Answer 49
(continued): This technical foundation can help to remove questions about economic performance and safety. However, introduction of latest available technology is no substitute for institutional reform. This Administration continues to urge enactment of H.R. 2488, the Administration's nuclear licensing and regulatory reform proposal introduced on May 14, 1985. This is consistent with policies most recently articulated in the President's transmittal of his State of the Union address. Moreover, the Department has and will continue to speak out on the issues that face the nuclear power industry, such as the July 25, 1985, testimony of Deputy Secretary Danny Boggs before the Senate Committee on Energy and Natural Resources. This support for action on the institutional front includes utilization of our available resources and a firm commitment to work with groups such as the Atomic Industrial Forum on key regulatory issues, the Institute for Nuclear Power Operations on key utility operational issues, and other Federal agencies on export opportunities.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 50: The FY 87 budget for "Facilities Operation" within the nuclear energy budget is reduced by $10 million compared to FY 86. However, the budget request document emphasizes a new "cost-sharing approach," whereby appropriate costs will be allocated to users (private industry, foreign countries, NRC, DOD, other DOE programs, etc.). Will this cost-sharing approach more than offset the $10 million reduction in the "Facilities" budget, so as to allow these facilities to contribute meaningful research results to the nuclear energy program?

Answer: The FY 1987 "Facilities Operation" budget, which is $10.4 million less than FY 1986 level, is primarily the result of improved operational efficiencies, anticipated increased funding provided by other programs for their facility utilization in FY 1987, and the completion of several civilian program efforts in FY 1986. FY 1986 plans call for the completion of the installation of the Secure Automated Fabrication (SAF) Line at Hanford Engineering Development Laboratory (HEDL), completion of the fabrication of the long-life fuel test for the Fast Flux Test Facility at HEDL, and completion of expanded metal fuel fabrication capabilities at the Argonne National Laboratory West (ANL-W). We also plan to limit steam generator testing at the Energy Technology Engineering Center (ETEC) until a cogeneration capability is installed to offset test costs. The funding planned for FY 1987 will enable the major test sites to continue to

Answer 50 (continued):	contribute meaningful research results to the nuclear energy program. The Department will review the current system of assessing users fees with the goal of developing appropriate, alternative approaches. This, coupled with the actions dicsussed above, should help ensure continued nuclear energy program support from the facilities beyond FY 1987.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 51(a): How much money does the Department anticipate it will receive from facility users under this cost-sharing approach in FY 87?

Answer: Because the Department has not completed a review of the methods of assessing facility user fees, it is premature to estimate how much money any revised method might yield in FY 1987. However, because implementation of any revised method would be initiated sometime in FY 1987, the incremental yield of any new method is anticipated to be small. Full application of any revised methods would occur in FY 1988.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 51(b): As a comparison, how much money was received in FY 85 from users for similar activities at these facilities?

Answer: In FY 1985, $49.1 million was provided by other DOE programs and other users of nuclear energy program major facilities. This includes funds received to cover the cost of engineering services provided by facility site staff.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 51(c): Which facilities attracted the most outside users (paying or otherwise) in FY 1985, and what was the nature of the experimentation?

Answer: On the basis of money received, the Hanford Engineering Development Laboratory (HEDL) attracted the greatest use. The services performed included engineering support, fuels and materials irradiations, post-irradiation analyses and evaluations, and component testing and evaluation.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 52: Within the FY 87 budget for nuclear energy, under what category will the Integral Fast Reactor (IFR) research be funded? What is the budget request for IFR research?

Answer: The research and development work on metal fuels, which is critical to proof of principle for the Integral Fast Reactor (IFR) concept, is supported within the Advanced Reactor R&D and Facilities categories of the Nuclear Energy R&D budget. Six million dollars of advanced reactor research and development funds are planned to be utilized for metal fuel research and development. Additional support of this effort is available from the planned Argonne National Laboratory (ANL) facilities budget.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 53(a): Under reactor systems, a detailed description of current research on high temperature gas reactors (HTGR's) is presented, yet nothing is said about the program plans for FY 87. With the drastic reduction of $27 million in the HTGR research budget, only $4 million is left for the program in FY 87.

What, if anything, is to be accomplished with this money?

Answer: The actual funding planned to be expended for HTGR's is $5.3 million, of which $4 million is planned for design activities; the remaining $1.3 million is for fuel development, under existing foreign agreements, and for helium circulator research.

The small, modular HTGR reference design will continue to be developed, albeit at a slower pace. One million dollars will be used for licensing support, including interactions with NRC in the forms of presentations and analyses to support the issuance of a licensability statement. Three million dollars will be used for HTGR concept development including design, operations and maintenance assessments; fabricability and constructibility assessments; passive safety assessments; and cost estimate development. Supporting technology requirements will be identified including those for fuel development; fission product behavior tests; and system, Answer 53(a) (continued): subsystem, and component performance tests. The $1.3 million will be used to initiate fuels performance testing and fuels irradiation activities with Japan and the Federal Republic of Germany.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 53(b): Under reactor systems, a detailed description of current research on high temperature gas reactors (HTGR's) is presented, yet nothing is said about the program plans for FY 87. With the drastic reduction of $27 million in the HTGR research budget, only $4 million is left for the program in FY 87.

Is this money to be used for program termination or for meaningful research?

Answer: Funds will be used to the maximum extent possible to conduct meaningful research and development as outlined above and not to terminate the program.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 53(c): Under reactor systems, a detailed description of current research on high temperature gas reactors (HTGR's) is presented, yet nothing is said about the program plans for FY 87. With the drastic reduction of $27 million in the HTGR research budget, only $4 million is left for the program in FY 87.

Doesn't this cut imply a drastic policy shift on the part of DOE?

Answer: This cut does not imply a drastic policy shift. We still have a continuity of activities in design and R&D for HTGR's as we have also maintained for other advanced reactors. The Department plans to continue to work with industry to develop competitive alternative advanced reactor systems for utilization in utility or industrial applications consistent with timing determined by market demands.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 54(a): DOE's budget for research related to cleanup of Three Mile Island-2 is $12 million for FY 87. This compares with a budget for $31 million for FY 86. Will the $12 million be sufficient to allow DOE to continue its research efforts according to its commitment in the Memorandum of Understanding with NRC, EPRI, and GPU?

Answer: The FY 1987 budget request will allow DOE to continue its research efforts in accordance with the Memorandum of Understanding executed with the NRC, EPRI, and the GPU Nuclear Corporation.

NUCLEAR ENERGY RESEARCH AND DEVELOPMENT

Question 54(b): DOE's budget for research related to cleanup of Three Mile Island-2 is $12 million for FY 87. This compares with a budget for $31 million for FY 86. What is the division of funds between onsite activities and Federal laboratory R&D?

Answer: The Department plans to apply FY 1987 appropriations ($12.0 million) equally to onsite and to Federal laboratory R&D. This is consistent with the total funding for onsite activities for calendar year 1987 of approximately $9.0 million to cover the end of the defueling period.

SALE OF NAVAL PETROLEUM RESERVES

Question 55: The Administration proposes sale of the two naval petroleum reserves: Elk Hills, California and Teapot Dome, Wyoming.

a. What are the current revenues for these reserves and projected revenues from 1986 through 1995?

Answer: Actual gross revenues from the two reserves for fiscal year 1985 were $1.3 billion. For fiscal years 1986 through 1995, projected gross revenues are as follows. Also shown are Windfall Profit Tax and operating costs.

FY	Revenues ($ in billions)	WPT	Outlays
1986	$ 1.3	0.1	0.2
1987	1.1	0.1	0.2
1988	1.0	0.1	0.2
1989	.9	-	0.2
1990	.8	-	0.2
1991	.8	-	0.2
1992	.7	-	0.2
1993	.7	-	0.2
1994	.6	-	0.2
1995	.6	-	0.2
Total	$ 8.5	0.3	2.0

Relating this question to the next one on the potential sales values of the Naval Petroleum Reserves, an obvious question is how we expect to sell these Reserves for $3 to $5 billion since they bring in over $1 billion per year.

The answer is that after deducting expenses and taxes, and allowing for the expected decline rate at the field, they bring in substantially less than a billion dollars per year to a prospective buyer.

In addition, the government continues to receive tax payments.

In more detail:

- Production at Elk Hills has peaked. It is declining at 13% per year. We expect production to continue to decline.
- Production and other expenses are running about $160 million per year. We expect these expenses to increase in the future. This reduces the cash flow to the prospective buyer.
- The buyer must pay windfall profit taxes and corporate profit taxes.

In short, if we sell the fields, we will get the sales price plus windfall profit taxes, plus corporate taxes. We expect the sum of these income streams to be at least as large as the income we would have if we held onto the oil fields.

SALE OF NAVAL PETROLEUM RESERVES

Question 55 b.: What is the estimated revenues to be obtained from sale?

Answer: Our initial estimate is $3 to $5 billion. We base this on three different approaches:

(1) We estimate the present value of the cash flows to a private investor from the fields at $3 to $4 billion.

(2) We have looked at reported actual sales of oil fields. The market for oil fields is $8 to $10 billion per year. At the end of fiscal year 1985, the Federal government owned an estimated 550 million barrels in reserves at Naval Petroleum Reserves No. 1 and No. 3. Based on recent oil field sales, reserves may be worth nearly $6 per barrel. After taking into account continuing production before the sale, the Department estimates that the Federal government's share might be worth $3 to $5 billion.

(3) The previous estimates are standard assessment techniques. In addition, our subjective judgment is that the field could go for more than $4 billion. The actual sales price, of course, will be determined by the market.

SALE OF NAVAL PETROLEUM RESERVES

Question 55.c: What are the estimated size of these recoverable reserves with current technologies including tertiary (enhanced oil) recovery?

Answer: As of October 1985, the total estimated recoverable reserves were 713 million barrels at NPR-1 (Chevron USA, Inc. share 22 percent) and 5.3 million barrels at NPR-3 based on primary and secondary recovery methods. The production forecast for FY 1986 is 47 million barrels for NPR-1 and 1.1 million barrels for NPR-3. Enhanced oil recovery techniques could result in recovery of an additional 200 million barrels at NPR-1. Infill drilling and enhanced oil recovery could result in an additional recovery of 5 million barrels at NPR-3. Such techniques have not been proven at either field on a technical or economical basis.

Power Marketing Administration

The Administration proposes sale of the Power Marketing Administrations.

Question 56: What are the current annual revenues from these activities?

Answer A: The proprietary receipts returned to the Treasury from the Power Marketing Administrations were $622,297,000 in FY 1985. The annual revenues collected by the five Power Administrations--Alaska (APA), Bonneville (BPA), Southeastern (SEPA), Southwestern (SWPA), and Western Area (WAPA) vary from year-to-year depending on water and/or market conditions. Revenues in FY 1985 were as follows:

Alaska	$ 6M
Bonneville	2,918M
Southeastern	94M
Southwestern	111M
Western	614M
Total	$3,743M

However, it should be noted that in the case of Bonneville, $1.0 billion of the total FY 1985 revenues came from the Residential Exchange Program, which is largely a paper transaction that resulted in a net loss to Bonneville customers of about $200 million in FY 1985.

Power Marketing Administration

Question 56:	What is the estimated revenues to be obtained from sale?
Answer B:	The proceeds from the sale of the Power Marketing Administration assets are estimated at $13,879,000,000. This amount represents the estimated unrecovered Federal investment at the time of sale.

The individual PMA distribution is:

PMA	Amount
Alaska	$ 174M
Bonneville	8,850M
Southeastern	1,383M
Southwestern	800M
Western	2,672M
Total	$13,879M

POWER MARKETING ADMINISTRATION

Question 56: What is the estimated original cost and replacement cost for each of these PMA's?

Answer C: The replacement cost for each PMA has not yet been developed and will be provided at a later date. The cumulative repayable investment, at the end of FY 1985, for each PMA is:

PMA	Amount
Alaska	$ 131M
Bonneville	9,374M
Southeastern	1,303M
Southwestern	839M
Western	4,148M
Total	$15,795M

POWER MARKETING ADMINISTRATIONS

Question 57: The Administration intends to pursue defederalization of Power Marketing Administrations through an open process. And before the implementation of such action, the Administration will seek the views among interest groups.

a. The President's budget request for the five power marketing administrations states that "the Administration will actively seek to privatize these utility systems." Does the term "privatize" mean that only private or investor-owned utilities would be eligible for purchase of the systems? Or would the term "defederalize" perhaps be more accurate?

Answer: We have not foreclosed any group or organization from eligibility for purchasing the systems at this point and the word "privatize" has been used in a broad generic sense. The word "defederalize" could be more accurate in describing the intended result.

POWER MARKETING ADMINISTRATIONS

Question 57: b. Doesn't the "privatization" provide only short-term gain, and not solve the long-term deficit?

Answer: Obviously the sale of the Power Marketing Administrations does not in itself solve the long-term deficit problem, but it does make a substantial contribution to the solution of the problem by obtaining between fiscal years 1988 and 1991 a substantial cash flow that would otherwise not be realized for decades. In addition deficit reduction is not the sole, or even the most important reason, for the proposal to defederalize the Power Marketing Administrations. We believe that business enterprises such as the Power Marketing Administrations do not perform functions which are uniquely Federal in nature. Non-Federal entities could perform these services with equal or greater efficiency and be subject to regional control.

POWER MARKETING ADMINISTRATIONS

Question 57: c. Under what legislative authority does DOE have to privatize federal agencies?

Answer: We do not now have specific legislative authority to defederalize the Power Marketing Administrations but plan to seek such authority.

POWER MARKETING ADMINISTRATIONS

Question 57:	d. Proceeds from the sale of PMAs are not listed in Net Obligations/Net Outlays, but would be deposited on a Treasury Account. To what extent does the proceeds count against the deficit reduction?
Answer:	Proceeds from the sale of the Power Marketing Administrations, less foregone revenues, are expected to provide approximately $12.5 billion toward deficit reductions in FY 1988-1991. This net figure is less than the estimated gross proceeds due to the effect of revenues foregone by the sale of the Power Marketing Administrations.

POWER MARKETING ADMINISTRATIONS

Question 58:	The Administration proposed that until the anticipated sale of the Power Marketing Administrations, repayment of the capital investment be placed on a straight-line basis. What would be the effect on power rates for each of the Power Marketing Administrations? How does the Administration propose to address the problems of short water years when generation may be severely curtailed?
Answer:	The wholesale rates would increase from zero to 13.5 percent due to modification of repayment practices. Alaska would increase by 13.5 percent. Bonneville would increase from between 6 and 9 percent if implemented in FY 1987. Southeastern would increase by ten percent. Southwestern would increase between ten and eleven percent. There would be no increase for Western. The President's budget makes provision for the deferral of amortization payments in the event of adverse situation such as a bad water year. These deferrals would be subject to the same terms and conditions applicable to deferred interest payments.

The effect on the retail customer rates will generally be smaller than the increase in wholesale rates. Retail rate impacts are much smaller than wholesale rate impacts, because power purchase costs are averaged with transmission and other costs before determining the retail rates. Moreover, the retail rate impacts will be even smaller where utilities only purchase a small portion of their power from the Power Marketing Administrations.

POWER MARKETING ADMINISTRATIONS

Question 59: What is the status of repayment of the Federal investment for each of the five Power Marketing Administrations?

Answer Cumulatively from 1906 through FY 1985 the PMA's have repaid $3,068.0M of the Federal investment of $15,795M. Repayment by PMA follows:

PMA	Investment	Repayment	Unrepaid
Alaska	$ 131M	$ 19M	$ 112M
Bonneville	9,374M	877M	8,497M
Southeastern	1,303M	310M	993M
Southwestern	839M	102M	737M
Western	4,148M	1,760M	2,388M
Total	$15,795M	$3,068M	$ 12,727M

POWER MARKETING ADMINISTRATIONS

Question 60: It is noted that in the budget request it is assumed that the Bonneville and Southwestern Power Marketing Administrations would be disposed of first. What about the other PMAs?

Answer: For budget planning purposes we have assumed that Bonneville and Southwestern would be sold early in FY 1988 with the revenues from the sale of Southwestern realized immediately and the revenue from the Bonneville sale to be spread over four fiscal years. We have also assumed the sale of Western in FY 1989 with revenues spread over two fiscal years, the sale of the Alaska Power Administration in FY 1990 with the revenues realized in that year, and the sale of Southeastern in FY 1991 with the revenues realized in that year. We do plan to begin immediately to explore options and opportunities for sale of all of the Power Marketing Administrations. Depending on the outcome of these efforts the planning schedule described above could change. However, in no case do we plan to proceed without full consultation with all concerned parties.

POWER MARKETING ADMINISTRATIONS

Question 61: What is the status of negotiations for the sale of each of the PMAs?

Answer: The sale of Alaska Power Administration was proposed in last year's budget and had been the subject of informal discussions for several years prior to that. Over the past several months, the State of Alaska and the Alaska Power Administration have prepared a study of sale issues. The report on that study should be completed in March. We expect that the report will provide a basis for a specific sale proposal.

With respect to the other Power Marketing Administrations, there have been no negotiations, since we are continuing our planning for how to best approach the sale of each of the Power Marketing Administrations.

POWER MARKETING ADMINISTRATIONS

Question 62: What would be the impact on the rates paid by electric consumers if the PMAs were sold?

Answer: Since the precise conditions of the sale of the Power Marketing Administrations cannot be foreseen at this point, it is not possible to definitively project the impact on rates of such a sale. The ultimate impact on rates would be determined by a combination of factors including the nature of the purchaser(s), the method of financing the purchase, general and specific economic conditions at the time of the sale, and a wide variety of other factors.

Power Marketing Administrations

Question 63: The "Budget Highlights" document for the Department of Energy states that: "Before implementation of privatization, the Administration will seek the views of concerned groups and individuals....." What is the time schedule for such an activity?

Answer: We are currently completing our detailed planning for implementing these initiatives to defederalize the Power Marketing Administrations and are therefore not in a position to provide a definitive schedule at this time. However, we expect to solicit the views of concerned groups and individuals both formally and informally throughout the process and would expect this consultation process to begin within the next few weeks.

Power Marketing Administrations

Question 64: The Budget Highlights states three principles which will be followed in the sale of the PMAs. Principle 2) reads as follows: "recognize the benefits currently enjoyed by existing customers...." What is your interpretation of that phrase, what does it mean?

Answer: In developing plans for sale of the PMA's, one of our goals is to accomplish the transfer in a manner which will have the least actual or perceived negative impact on existing customers and the overall economies of the affected regions. In our planning, we intend to keep these considerations and other relevant factors in the forefront at all times.

RADIOACTIVE WASTE R&D DISPOSAL

Question 65: In the Nuclear Waste Policy Act of 1982, Section 222 directs the Secretary to conduct a research and development program on alternative disposal technologies for high-level waste. Section 223 states the policy of the U.S. to cooperate with and provide technical assistance to non-nuclear weapons states in spent fuel storage and disposal.

The only alternate disposal program currently funded by the Department is subseabed disposal, a jointly-funded international program which was funded at a level of about $5 million in DOE's FY 86 budget. This program is zeroed in the FY 87 request.

What are the Department's plans to fulfill the requirements of Sections 222 and 223 of the NWPA?

Answer: Section 222 - Alternative Disposal Technologies.

The Department plans in FY 86 to bring to an orderly termination the subseabed program that has been under study since 1974. A significant amount of valuable research data on this potential alternative disposal technology has been collected and would be available should future consideration of this alternative be necessary.

Section 223 - Technical Assistance to Non-Nuclear Weapons States.

The Department plans to continue, jointly with the Nuclear Regulatory Commission, extending an offer of technical assistance to non-nuclear weapons states. Technical assistance will continue to be provided in light of expressions of interest

Answer: (Cont'd)

received. To date, assistance has been in the form of providing technical information, technical discussions, and briefings and tours of U.S. facilities.

RADIOACTIVE WASTE R&D DISPOSAL

QUESTION 66:	What will be the long-term effects of Gramm-Rudman-Hollings Act sequester on DOE's schedule for development of a high-level radioactive waste disposal facility?
ANSWER:	The FY 1987 budget request is designed to carry out an integrated waste management system by 1998. Due to recently identified schedule changes, the sequestration of $22.4 million (4.3% of FY 1986 appropriation) will have minimal impact in FY 1986. However, further reductions in future years could jeopardize the program's ability to meet its schedules.

RADIOACTIVE WASTE R&D DISPOSAL

Question 67: The Department's FY 87 budget request identifies several new areas of responsibility assigned to it upon passage of the "Low-Level Radioactive Waste Policy Amendments Act of 1985"--including annual progress reports to Congress, and a comprehensive study of the "orphan waste" category. At the same time, the Department readily admits that its current level of technical assistance to the various States will continue for several more years.

How does the Department plan to accomplish all this within a $4 million budget--already 11 percent below the FY 86 budget allotment?

Answer: The Low-Level Radioactive Waste Policy Amendments Act of 1985 (Public Law 99-240) assigns several new responsibilities to the Department of Energy (DOE). These include responsibility for disposal of "greater-than-Class C" commercial low-level waste (often called "orphan waste"), management of an escrow account to rebate to States and regions 25 percent of disposal fee surcharges, and management of up to 800,000 cubic feet of "unusual" volumes of utility-generated low-level radioactive waste at the three commercially operated disposal sites. Additionally, the Department is required to prepare several reports for Congress, including (1) a report due January 1987, on how it will ensure disposal of greater-than-Class C low-level waste; (2) an annual report on the progress of States and compact regions to develop new disposal capacity and the practices of industry to manage, treat, ship and reduce in volume low-level radioactive waste;

Answer 67 (continued): and (3) a report on how States and regions utilized the rebates from the escrow account of 25 percent of the disposal fee surcharges. Finally, the Department is to provide assistance to States and compact regions to help them in developing new disposal facilities.

In FY 1986, the Department will establish the escrow account and develop procedures for (1) providing the appropriate disbursements to unsited States and regions or to the host States should the required milestones not be accomplished; and (2) managing the 800,000 cubic feet of unusual utility capacity. The "greater-than-Class C" low-level waste study will be conducted and the report to Congress is scheduled to be completed by January 1987. The report on the use of the escrow account funds will also be accomplished and submitted to Congress in FY 1987. In FY 1987, the annual report required by Public Law 99-240 will only contain an account of the progress States and regions made in 1986 to develop new disposal facilities and information about low-level waste shipped to disposal sites. The other features of the annual report on generator and industry practices require time to conduct comprehensive surveys, to expand our analytical and data base capabilities and to procure further cooperation from industry. This information will be included in future reports as funds permit and information can be obtained.

Answer 67 (continued): Finally, the Department has not requested any funds to provide any new financial assistance to States or regions in FY 1987. The Department feels that Federal support of State and regional disposal facility development should be limited to the provision of information, technical assistance and the development of improved technologies for treating, packaging and disposing of low-level waste. Technical assistance will be restricted to help from within the Department's system of personnel and national laboratories. Technical activity modules are being developed that will provide information packages to help States and regions plan and conduct each required phase of low-level waste disposal facility development.

DOE believes it is well understood that the disposal of low-level waste that is not designated a Federal responsibility is the responsibility of the States. If States wish that the Federal Government's assistance to them shall increase, then it would be appropriate to provide funding mechanisms to reimburse the Federal government for its expanded role.

STRATEGIC PETROLEUM RESERVE CONSTRUCTION

Question 68: After extensive debate on the Administration's proposed moratorium on fill and construction of the Strategic Petroleum Reserve, last year the Congress appropriated funds for continuation of construction and a reduced fill-rate. Nevertheless, by letter of December 27, 1985, the DOE Assistant Secretary for Management and Administration indicated the Administration's intention to submit a new deferral of spending for storage facilities development.

a. What specific fiscal year 1986 construction activities were provided for by the Congress?

Answer: The FY 1986 Strategic Petroleum Reserve storage facilities construction (formerly Phases II and III) activities provided for by the Congress included the following:

- Surface construction associated with conversion of Bayou Choctaw cavern 17 for oil storage (funds carried over from FY 1985).
- Surface construction for Bayou Choctaw Cavern 101 in preparation for leaching.
- Stage 2 surface construction at Big Hill.
- Construction of the raw water, brine, and crude oil pipelines at Big Hill.
- Minor construction completions at Bryan Mound and West Hackberry.

Under the Distribution Enhancements activity, funds were provided for the following:

- Completion of the pipeline from Bryan Mound to Texas City, Texas.
- Design, land acquisition, and long-lead equipment for a pipeline from West Hackberry to Lake Charles, Louisiana.
- Design for terminal enhancements to serve the Capline complex sites.

STRATEGIC PETROLEUM RESERVE CONSTRUCTION

Question 68 b.: If the proposed deferral goes into effect, what specific SPR construction activities would be conducted in fiscal years 1986 and 1987?

Answer: Under the FY 1987 President's Budget, the Department would undertake the following activities:

- o Completion of Bayou Choctaw Cavern 17 conversion, for capacity to be available in FY 1987.
- o Minor construction completions in FY 1986 at Big Hill, West Hackberry, and Bryan Mound.
- o Completion of the pipeline from Bryan Mound to Texas City, Texas.
- o Design and construction, in FY 1987, of Capline complex distribution enhancements.

STRATEGIC PETROLEUM RESERVE CONSTRUCTION

Question 68 c.: Practically, does the proposed deferral not amount to a rescission of funds and, if so, why is such a rescission not proposed instead?

Answer: The actions in question do not constitute a rescission and no rescission has been proposed because of the need to finance ongoing Strategic Petroleum Reserve activities in FY 1987. Further, the funds are readily available should subsequent events indicate a resumption of construction is appropriate.

STRATEGIC PETROLEUM RESERVE MORATORIUM, FY 1986

Question 69: A memorandum dated December 30, 1985, to the SPR Management Office at Oak Ridge provides specific directions for orderly completion of the Big Hill construction contracts, followed by a transition of the site to a standby status. Leaching activities at all sites were to cease on January 1, 1986.

a. On what authority was this memorandum issued since the Congress had appropriated funds for fiscal year 1986 construction? There is no deferral or rescission pending before the Congress.

Answer: The December 30, 1985, guidance memorandum to the Assistant Manager for the Strategic Petroleum Reserve of the Oak Ridge Operations Office was issued to ensure that contracts would not be awarded on major Big Hill site construction procurements and that other costs for continued storage capacity development were not incurred, pending final decisions within the Administration on the FY 1987 budget. The Department notified the Congress of these actions on December 27, 1985. Funds were not immediately deferred because such action would have required prior cancellation of the major procurements in question, and the Department chose to leave open the option either to cancel or to award the procurements once final policy decisions had been made. The President's 1987 budget does include a deferral of these funds.

STRATEGIC PETROLEUM RESERVE MORATORIUM, FY 1986

Question 69 b.: On what authority has the Department cancelled the proposed enhancements to the Sun Terminal at the Texoma complex?

Answer: During 1985, the Department reexamined the throughput capability at the Sun Terminal and concluded that in light of the upward revisions in estimated dock capability but downward revisions in local pipeline demand, physical enhancements to terminal throughput would not yield an increase in projected net distribution capability.

STRATEGIC PETROLEUM RESERVE MORATURIUM, FY 1986

Question 69 c.: What personnel have been or are going to be released by DOE or DOE contractors?

Answer: The Department projects that the employment levels of major current Strategic Petroleum Reserve contractors will decline by approximately 220 work-years or 14 percent from FY 1986 to FY 1987. Federal work-years are projected to decline by approximately 32 work-years, or 20 percent.

STRATEGIC PETROLEUM RESERVE MORATORIUM, FY 1986

Question 69 d.:	How would the DOE propose to quickly reassemble this expertise if the Congress, once again, does not go along with the Administrations proposal?
Answer:	The largest proportional decrease will be in the area of architect and engineering services associated with Big Hill construction. If the decision were made to resume construction of Big Hill after the expiration of the current contract on July 31, 1986, the Department would need to initiate a new A/E selection process at that point. Aside from the delay which would be associated with this process, the Department expects that the loss of expertise would not be a significant problem because of the status of Big Hill design documentation and the availability of firms with this type of expertise in the Texas/Louisiana area. In other areas, the Department does not foresee any losses of expertise which could not be mitigated by new hires for the Management, Operations, and Maintenance contractor or intra-departmental transfers for Federal staffing.

PEMEX CRUDE OIL PURCHASES

Question 70a:	The DOE has a contract with PEMEX to purchase 50,000 barrels per day through August 1985, conditioned on the availability of funds. On what authority does this Memorandum propose to cease purchases of oil from PEMEX after February and thereafter purchase oil on the open market at the lowest landed prices from Mexico or elsewhere?
Answer:	It should be noted that the PEMEX contract extends through August 1986. The memorandum of December 30, 1985, did not propose to cease purchases of crude oil under the PEMEX contract, but instead, stated that further guidance concerning PEMEX purchases would be provided. Subsequently, on January 27, 1986, guidance was issued to continue the purchases from PEMEX, provided that the PEMEX prices remained fair and reasonable, until the SPR inventory reached approximately 500 million barrels.

U.S. OBLIGATIONS UNDER PEMEX CONTRACT

Question 70b:	What are the obligations of the United States under the PEMEX contract since the funds are available to make the subject purchases, which are not going to be made, and how is it proposed that such PEMEX obligations be met?
Answer:	The United States is obligated under the PEMEX contract to take delivery of approximately 50,000 barrels per day so long as there is a sufficient availability of funds and there is mutual agreement on price. Inasmuch as the DOE is continuing to purchase crude oil at a rate of 50,000 barrels per day under the PEMEX contract, the Government's obligations are currently being met.

SPR DRAWDOWN RATE

Question 71a: If the SPR is limited to 500 million barrels of stored oil --

What is the maximum sustainable drawdown rate that can be provided?

Answer: With an inventory of 500 million barrels, the SPR is capable of sustaining an initial maximum drawdown rate of 3.3 million barrels per day.

SPR DRAWDOWN PROFILE

Question 71b: How long could this drawdown rate be sustained and how would it vary over time as drawdown continued?

Answer: The SPR is capable of sustaining the drawdown rate of 3.3 million barrels per day (MMBD) for 90 days. After this period the rate diminishes over time as the usable inventory in individual caverns and sites is depleted, according to the following schedule:

Day	90 - 120	2.6 MMBD
	121 - 150	1.1 MMBD
	151 - 180	0.8 MMBD
	181 - 210	0.6 MMBD
	211 - 240	0.4 MMBD
	241 - 270	0.5 MMBD
	271 - 340	0.1 MMBD

MORATORIUM COSTS

Question 72: Last year the Administration testified that it was preparing estimates of the costs of an "orderly shutdown" of the SPR and of maintaining the Reserve in standby status.

a. What does DOE estimate these costs to be?

Answer: The Department has not estimated incremental costs for conversion of the Strategic Petroleum Reserve system to a standby condition. The May 1985 Transition Plan estimated total storage facilities development and operations and management obligations of $258 million in FY 1985 and $175 million in FY 1986, a two-year total of $433 million. The President's FY 1987 budget estimates comparable obligation levels at $223 million in FY 1985 and $217 million in FY 1986, a two year total of $440 million which reflects a slight upward adjustment to account for costs attributable to continued leaching activities during the first quarter of FY 1986.

MORATORIUM COSTS

Question 72 b.: Has that shutdown already been initiated?

Answer: The Department ceased solution mining at West Hackberry and Bryan Mound at the end of calendar year 1985 and has recently cancelled the three major Big Hill construction procurements.

MORATORIUM COSTS

Question 72 c.: If a decision were made to resume construction, how long would it take for actual construction to commence?

Answer: From the decision to resume storage capacity development, it would take approximately one month to commence leaching at Bryan Mound and limited full leaching at West Hackberry. Until July 1986 when the design services contract for the Big Hill site expires it would take approximately four months to resolicit and award the three major Big Hill construction contracts. Notice to proceed under those construction contracts would likely follow contract award by approximately one month.

STRATEGIC PETROLEUM RESERVE COSTS AND BENEFITS

Question 73: Analysis prepared by the Congressional Research Service and others suggest that the larger the SPR, the greater the deterrent on nations that might be tempted to utilize a disruption of international oil supplies or prices as a weapon against the West, and the greater the dampening effect of SPR drawdown on price spikes during a shortage. Would you supply an analysis of the relative costs and benefits of continuing with SPR construction and fill for various assumptions for crude costs and sales prices?

Answer: The Department believes that a 500 million-barrel Strategic Petroleum Reserve provides an adequate level of protection against oil supply disruptions under current and foreseeable market conditions. The FY 1987 budget policies afford the flexibility to change the Reserve fill levels in future years if appropriate.

The Department has not recently completed an analysis of the economic costs and benefits of Strategic Petroleum Reserve development alternatives. Such analyses are highly sensitive to a number of major factors: the likelihood and severity of the threat to world oil supplies, the availability of spare oil and gas production capability, the availability of stocks that can be drawn down by consuming nations, e.g., U.S., Japan, West Germany, etc., and producers such as the Saudis, and the extent to which consumers can adjust to changing market conditions, as reflected in the short-term price elasticity of demand. Currently, there is in excess of 10 million barrels per day equivalent of spare oil production capacity and over 700 million barrels of Government-owned strategic stocks held by IEA member countries. Assigning values to the probability and severity of interruption threats of these factors involves considerable uncertainty. The 500 MMB SPR provides substantial protection against very severe hypothetical interruptions. It should be noted that beyond a certain level of Strategic Petroleum Reserve fill, which may have already been achieved, the benefits or value of the Reserve is such that the costs of further expansion are greater than the benefits. It should also be emphasized that some of potential SPR benefits would accrue to petroleum consuming nations other than the U. S. even though the cost would be borne by the U. S.

1983 BASELINE REPORT - RECOMMENDATIONS

Question 74 a.: What is the status of the actions taken by DOE in response to the 170 recommendations made in the 1983 baseline report?

Answer: Implementation actions for all 170 recommendations have been approved and are essentially complete. We are closely monitoring the progress of 10 longer-term actions.

1983 BASELINE REPORT - RECOMMENDATIONS

Question 74 b.: Will implementation of any of these actions be affected by the proposed FY 86 deferrals or the proposed FY 87 budget and, if so, how?

Answer: Funds for implementation of these recommendations are not affected by FY 86 deferrals nor are the remaining in-progress actions affected by the proposed FY 87 budget.

STRATEGIC PETROLEUM RESERVE CRUDE MIX

Question 75 a.: The SPR contains approximately 40 percent sweet crude and about 60 percent sour and lower quality crude. Would you supply for the record an analysis of the adequacy of the current U.S. refining capacity that is likely to refine SPR crude during an emergency?

Answer: The Department has deferred further analysis of the implications of the mix of crude oil types in the Strategic Petroleum Reserve pending refinery modelling system improvements associated with the ongoing National Petroleum Council review of U.S. refinery capability. Since the current crude mix plans were established, refiners have substantially upgraded their facilities to process lower quality crude. Thus, the refinery industry should be able to process the current Strategic Petroleum Reserve oil mix without difficulty.

EQUIPMENT MAINTENANCE

Question 75b: At each specific site, what equipment has already been purchased, at what cost, and how long can uncompleted construction be held in standby before such equipment has to be replaced?

Answer: Under a moratorium on Big Hill development, equipment which will require preventative maintenance includes leaching systems and equipment installed in uncompleted systems. The major items of equipment of maintenance concern include pumps and motors, meters, and instrumentation and control systems.

Under the proposed moratorium on SPR facilities development, the planned expenditures for operations include increased preventative maintenance activities aimed at maintaining all delivered or installed equipment at Big Hill in suitable condition for eventual completion of the planned program. Such activities include periodic lubrication and start-up of rotational machinery (pumps, motors, meters, valves, etc) and provisions for long-term conditioned storage of electronic and instrumentation devices such as the distribution control system for the Big Hill storage site. Replacement of already purchased equipment is not expected to be required as a result of the proposed moratorium.

UNFILLED STORAGE CAPACITY

Question 76: At the end of fiscal year 1986, what unfilled storage capacity will be available should the decision be made to resume fill?

Answer: Development of storage capacity was terminated at end of December 1985, at which time total underground capacity available for crude oil storage was 509.4 million barrels. The inventory of oil expected to be in storage at the end of fiscal year 1986 is 500 million barrels, which will leave an unfilled capacity of 9.4 million barrels. During FY 1987, approximately 10 million barrels of capacity will be added upon the completion of the Bayou Choctaw Cavern 17 conversion.

SITES NOT AVAILABLE FOR OIL STORAGE

Question 77: At the end of fiscal year 1986, what will be the DOE sunk costs in SPR facilities construction by site that is not available for storage of oil without additional construction expenditures?

Answer: The Big Hill site is not available for oil storage without additional construction. Also not available without additional construction is Phase III Cavern 101 at the Bayou Choctaw site. Development of this cavern has not proceeded beyond drilling of the cavern wells.

The Department estimates that at the end of fiscal year 1986, a total of $172 million will have been obligated in connection with the Big Hill site.

For Phase III at Bayou Choctaw, estimated obligations through fiscal year 1986 are $5 million.

CONTINUED LEACHING

Question 78: If the Department were to complete leaching at Bryan Mound and West Hackberry, the SPR would have a storage capacity of approximately 550 million barrels. What total additional budgetary resources would be required during fiscal years 1986 and 1987, and on a cost per barrel basis.

Answer: Bryan Mound has a current storage capacity of 198.6 MMB with a planned ultimate capacity of 226 MMB. The time required to complete the cavern development at this storage site is approximately 9 months. West Hackberry has a current storage capacity of 165.8 MMB with a planned ultimate capacity of 219 MMB. The time required to complete the cavern development at this storage site is approximately 18 months.

Assuming a resumption of cavern leaching in 1986, the Bryan Mound and West Hackberry sites could be completed in approximately 18 months, at an additional cost of approximately $25 million dollars. This represents the cost of leaching an additional 41 million barrels in gross cavern capacity to make available the final 80.4 million barrels of storage capacity, at an average cost of 61 cent per barrel.

SPR TEST SALE

Question 79a: Would you provide for the record a description of the SPR test including the time consumed, the purchases (including the names of the companies), the amounts of oil, and any problems or delays?

Answer: The Department's plans for the recently conducted test sale of SPR crude oil provided for the preparation and dissemination of a comprehensive report concerning the test's description, performance and any resultant identified refinements to the SPR's drawdown and sales process. This report is currently in the process of being prepared and is anticipated to be completed in April 1986.

SPR TEST SALE COST

Question 79b: What was the cost of conducting the test?

Answer: To date, the incremental costs associated with conducting the test sale amount to approximately $261,000.

SPR TEST SALE CRUDE OIL REPLACEMENT

Question 80: The Administration has indicated that it will postpone replacing the oil sold during the SPR test sale until next year, if the Administration is successful in suspending the SPR program is it reasonable to conclude that there is no intention on the part of the Administration to replace the crude oil withdrawn during the test? If this is not a correct assumption, what is?

Answer: Consistent with the provisions of the test sale legislation (i.e., the Energy Policy and Conservation Amendments Act of 1985), the Administration intends to replace the approximately 1 million barrels of oil sold during the test sale within one year following the test's completion, i.e., by January 31, 1987.

SPR DRAWDOWN CAPABILITY

Question 81: Can you summarize whether (from) the test sale or computer simulation exercises it can be concluded tha(t) a lengthy drawdown of the SPR can be successfully sustained?

Answer: As a result of the test sale, other simulated and operational exercises, and computer simulation modeling, the Department has a high level of confidence that a long-term drawdown of the SPR can be successfully carried out.

In the past, DOE has conducted numerous exercises and operational activities to test its readiness to drawdown the SPR, all of which have demonstrated the physical capability to draw down each SPR site and deliver oil to the respective distribution terminals at design rates. These tests have validated computer simulation models which take into account long-term hydraulic relationships and equipment availability. These site drawdown capabilities have also been used as input to detailed models which simulate the sustainable distribution capabilities of the SPR.

URANIUM ENRICHMENT

Question 82: During the budget reconciliation process last year, this Committee consulted the Department regarding payback of the uranium enrichment debt. At that time, the Department implied that its total debt attributable to commercial enrichment activities was estimated to be less than $1 billion (including imputed interest) and that the Department could begin to repay this debt at a rate of between $100 million and $150 million per year, and still remain price-competitive with foreign markets. At the same time, OMB was claiming that DOE's uranium enrichment debt for commercial services was $5 billion, and that DOE could begin to pay this debt back at a fairly high rate, and still remain competitive.

Now it appears that, in the FY 87 budget request, DOE and OMB have reconciled their differences, and that the commercial debt owed is in the neighborhood of $3.5 million, and that this will be repaid at an annual rate of $235 million.

How did DOE and OMB reconcile their differences? What are the rationales and assumptions that support the compromise figures?

Answer: In January 1986, DOE and OMB reached agreement on the outstanding Government investment in the Department's Uranium Enrichment program, the costs to be recovered, and the terms and schedule for recovery. The guiding principles for repayment are:

1. The outstanding Government investment should be recovered in a manner that does not damage the Nation's uranium enrichment capability.

2. The uranium enrichment services and pricing structure should be competitive.

3. The recovery plan recognizes both the competitive

Answer 82
(continued): nature of the international uranium enrichment market and the compelling national mandate for reduction of the federal deficit.

4. The recovery plan recognizes the need for institutional restructuring of the Nation's uranium enrichment services to include private sector involvement. Initial efforts will focus on transferring responsibility for AVLIS research, demonstration, and deployment to the private sector. All new enrichment capacity will be financed totally by the private sector.

The bases for determining the outstanding Government investment in the Uranium Enrichment program are the annual financial statements for the program published by DOE. The following is a tabulation of Government investment derived from a draft financial statement for FY 1985.

Asset	Outstanding Government Investment ($ in Millions)
Plant & Equipment	
Gaseous Diffusion Plants	$2,225*
Gas Centrifuge Plant	2,589
Inventory	
Feed	404
Separative Work	1,663
Cumulative Loss	779
Working Capital	(87)
Total	$7,573

*Does not reflect $1.2 billion reduction in FY 1984 Financial Statement.

Answer 82 (continued): The total unrecovered investment will be reduced from $7.5 billion to approximately $3.5 billion by an amount equivalent to 60 percent of the Gaseous Diffusion Plants (GDPs) that is no longer an earning asset and the entire Gas Centrifuge Enrichment Plant (GCEP), which never was and never will be an earning asset. These assets are not being used to provide enrichment services for the benefit of commercial customers. In addition, the unrecovered investment is also reduced by amounts equal to imputed interest charges after these assets were deemed to be "non-earning". The Government investment to be recovered by the Uranium Enrichment program is tabulated below.

	($ in Millions)
Total Government Investment	$7,573
Less: 60% of GDP Investment	1,200
GDP Imputed Interest	193
GCEP Investment	2,589
GCEP Imputed Interest	110
Total Unrecovered Investment ...	$3,481

The imputed interest on outstanding Government investment made prior to October 1, 1986, will no longer be determined by applying the average rate of Treasury borrowings for the current year. Rather, imputed interest on outstanding investment made prior to October 1, 1986, will be computed at an interest rather of 6.319 percent--the average of Treasury rates applicable in the years in which net increases in Government investment occurred, weighted by the dollar amount of these annual increases.

URANIUM ENRICHMENT

Question 83: What will be the long-term effects of Gramm-Rudman-Hollings Act on the viability of the uranium enrichment enterprise?

Answer: The long-term effects of Public Law 99-177 on the uranium enrichment business are difficult to predict as future reductions necessitated by Public Law 99-177 are unknown at this time. However, DOE is obligated by its contracts with utility customers to deliver enriched product as ordered by its customers, and DOE must maintain production capability consistent with these requirements. Maintaining enrichment service delivery commitments will be DOE's first priority. Therefore, future Public Law 99-177 reductions will have to be absorbed in program areas that do not jeopardize DOE's ability to deliver, which may include such actions as research and development activities and capacity charges associated with unused electricity to the diffusion complex.

URANIUM ENRICHMENT

Question 84: The AVLIS budget under uranium enrichment is slashed from a level of $127 million in FY86 to $50 million in FY87.

(a) Is this drop in funding to be absorbed by private industry?

(b) Will this reduction delay the deployment of AVLIS technology (originally planned for early 1990's)?

(c) Has DOE polled private industry to determine the level of interest in AVLIS by the private sector? What are DOE's plans if private sector interest does not materialize as anticipated?

Answer: (a) No. The AVLIS program is being restructured in FY 1986 and FY 1987 in order to be in a better position to provide data the private sector will need to evaluate their interest in continued development and deployment of the AVLIS technology.

(b) After the process selection in June of 1985, DOE and the AVLIS contractors undertook a detailed evaluation as to the optimum time for AVLIS deployment consistent with the overall uranium enrichment enterprise objectives and the need to deploy from a firm demonstration base. These analyses led to the conclusion that the first increments of AVLIS should occur in the mid-1990's. Our preliminary estimate is that the program restructuring in FY 1986 and FY 1987 would result in a delay of about 6 months, assuming that private sector funding in FY 1988 and beyond is available to support demonstration and deployment of AVLIS.

Answer 84
(continued): (c) The Department plans to request expressions of interest from the private sector in the next several weeks. Responses will be requested in April 1986. The Administration has not decided what actions would be taken in the event that private sector interest does not materialize.

Uranium Enrichment

Question 85: Please explain the significantly different appropriation language used in the Administration's budget request for uranium enrichment.

Answer: The proposed appropriation language for FY 1987 is almost identical to that proposed by the Administration for FY 1986. It differs from the enacted FY 1986 language in four respects: 1. It allows for unexpended receipts to be carried forward from year to year; 2. It provides for an annual obligational ceiling; 3. It provides for Contract Authority to allow obligations to be incurred in advance of receipts but must be liquidated from subsequent receipts; 4. It provides for receipts of $235 million to be transferred to the General Fund of the Treasury in partial repayment of prior Federal investment in the enrichment enterprise. The FY 1986 enacted appropriation language appropriated an amount for obligation regardless of receipts, and stipulates that receipts will be applied against that appropriation as received. This new language places it in the Special Account category very similar to the Nuclear Waste Fund except that the Waste Fund has long term Borrowing Authority instead of short term Contract Authority.

Question 85a. Does this indicate a change in accounting policy and practice? How so?

Answer: This does not require any change in the method of accounting for the costs, revenues and other operations of the enterprise itself.

Question 85b. How will this affect the balance against which imputed interest is calculated during FY 1987?

Answer: This change in appropriation language in no way will affect the unrecovered government investment or the application of imputed interest in FY 1987.

Uranium Enrichment

Question 85c: How will this affect Gramm-Rudman sequestering from this account?

Answer: This aspect has not been fully evaluated by the Department, but our initial reaction is that the Contract Authority would be subject to sequester just as any other Congressionally-provided authority.

Question 85d: Why isn't a similar approach taken in the Nuclear Waste Fund account, which is also funded by utility charges?

Answer: The Nuclear Waste Fund and its appropriation procedures were established in P.L. 97-425, the Nuclear Waste Policy Act of 1982. As I mentioned earlier, in practical application it is almost identical. Only technical differences exist, such as short term Contract Authority in lieu of long term Borrowing Authority.

MAGNETIC FUSION PROGRAM

Question 86: A key ingredient of the FY 87 budget request for magnetic fusion is international collaborative programs with Japan, the European Community, and the USSR. Oftentimes, such international programs become mired in diplomatic entanglements that frustrate the actual exchange of scientific ideas, equipment, and manpower.

a. How is the Department of Energy coordinating its international fusion programs?

b. What role does the State Department play in these activities?

c. Who has the lead in international collaboration agreements such as these?

d. Are there clearly-defined responsibilities and clearly-identified officials within both agencies so that communications flow efficiently and effectively?

Answer: The Office of Fusion Energy has appointed a Director of International Programs to coordinate fusion collaboration at the programmatic level. These fusion programmatic activities are carried out under fusion-specific agreements with individual countries or international agencies. These fusion-specific agreements are approved by the Director of Energy Research and the Assistant Secretary for International Affairs and Energy Emergencies. The specific fusion agreements are prepared in consultation with the State Department and may fall under government-to-government or umbrella agreements, signed by the State Department. The Department of Energy has the lead in international energy agreements. There are clearly designated officials at each phase of the process. To date, the system with respect to fusion collaboration has functioned smoothly both at the programmatic and diplomatic level.

POST-HEARING QUESTIONS AND ANSWERS

Relating to the

FEBRUARY 18, 1986, HEARING

Before the

COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE

WITNESS: SECRETARY HERRINGTON

QUESTIONS FROM THE MAJORITY

Question 87: In your written statement, you justify the overall FY 87 budget request by stating that "increases in high energy and nuclear physics, environmental activities, supporting research, weapons research and development, and Naval reactors more than offset reductions to fossil, conservation, solar, nuclear energy, and magnetic fusion programs."

Now if one were to examine the programs that DOE chose to increase, none of them directly relate to energy research and development. And the programs that were cut all directly relate to energy research and development. It seems to me that DOE should no longer be calling itself the Department of Energy, but rather it should be renamed the Department of Basic Science and Defense Programs!

How were the Administration's priorities decided with respect to the Department of "Energy" for FY 1987?

Answer: The programs of the Department of Energy are grouped into three distinct budget functions, or mission areas. Our Defense activities respond to the requirements of the Department of Defense for weapons and special nuclear materials. General Science programs represent a "National Trust" basic research activity designed to expand the frontiers of science and provide greater understanding of the basic constituents of matter. Energy programs involve Federal support for basic and applied energy research which potentially can be carried forward to commercial deployment by industry. Because of their very different natures, programs in each of these separate mission areas are evaluated differently when budgets are prepared. In many Energy programs in the past several years, Federal funds were supporting proprietary processes and products rather than leaving that responsibility to private industry. The FY 1987 budget has properly directed funds to those programs and projects which truly require Federal support. Energy remains a priority mission for the Department, but the budget will not supply funds which industry should supply. This situation does not exist in the Defense and General Science mission areas, because private sector financing cannot reasonably be expected to make up for reductions in Federal support.

QUESTIONS FROM THE MAJORITY

R&D VENTURE PARTNERSHIPS

Question 88: In your written testimony, you state that DOE will concentrate on longer-term energy research and development, and it will withdraw from the "more mature" technologies whose development should rest with the private sector. Yet your fossil, renewable, and conservation accounts all stress partnerships ("joint ventures"). In order to attract venture capital from private industry, it seems to me that these partnerships will, by default, have to involve "more mature" technologies. This is contrary to the position you stated in your introductory remarks.

Could you explain this apparent dichotomy?

Answer: The R&D Venture partnerships will be focused on applied research, at an early phase of the technology development process. Companies within the same industry would be unlikely to form partnerships for R&D in the later stages of development due to directly competing interests for commercialization of resulting products. By the very nature of the National Cooperative Research Act of 1984, any cooperative R&D performed under its guidelines is longer term and precommercial. DOE's commitment to longer-term energy R&D remains firm, and it is expected that the relative maturity of the work performed in an industry cooperative venture would be similar to that which we currently feel is appropriate for federal support. Since the cooperative venture might fund several projects with R&D funds from several companies, along with federal support, the venture will act as a risk reducing mechanism for the private sector, allowing greater aggregate private cost-sharing.

QUESTIONS FROM THE MAJORITY

Nuclear R&D

Question 89: In spite of sharp cutbacks in our advanced reactor program, the United States has tried to maintain a position of leadership and influence in the responsible use of nuclear energy to supply world energy needs and, in particular, in safeguarding the civilian nuclear fuel cycle. The United States was the leader from the time of the Atoms-for-Peace programs from the 1950's, and it is of considerable national importance to maintain and increase our influence without denying other nations rights to expand their energy supplies through nuclear energy. How can we retain any credibility in pursuing these nonproliferation objectives by refocusing our civilian reactor development program towards military needs?

Answer: The FY 1987 Advanced Reactor research and development (R&D) program remains directed towards conducting, in concert with industry and the national laboratories, the R&D leading to an economic advanced reactor system for potential use by the commercial sector, and the proposed program continues to support the objective of pursuing effective nonproliferation programs in the United States and throughout the world. Although R&D on both civilian and defense reactors has been performed in parallel for sometime, we have recognized the growing near-term defense needs emanating from the Strategic Defense Initiative (SDI) and other Department of Defense (DOD) programs. In face of the urgent need to reduce Government outlays, the Department has moved to adapt the technology and facilities it has to meet growing space and defense nuclear energy needs, rather than building up a new,

Answer 89 (continued):

separate, and costly program capability unique to these applications. This approach is consistent with past practice, such as the dual civilian/military use of the gaseous diffusion plants.

We will continue to review any effect our programs will have on nonproliferation policies and will take whatever steps necessary to insure that U.S. nonproliferation policies are preserved.

QUESTIONS FROM THE MAJORITY

Advanced Reactor Research and Development

Question 90(a): The activities listed in this account are varied and include those needed to support both civilian and military energy requirements. The research programs for this activity are varied in nature and scope, and the specific tasks are scattered among most of the national laboratories. Will an effort be made, during FY 1987, to center this fragmented research into specific centers of research expertise located at one or two national laboratories where such expertise exists?

Answer: The Advanced Reactor research and development (R&D) activities are focused on key technologies essential to development of passively safe, cost-competitive advanced reactor concepts for civilian nuclear power applications. Results from these technology developments will also be utilized as appropriate for military energy applications. In recent years, actions have been taken to consolidate activities to improve the efficiency and effectiveness of our programs. These actions have resulted in program activities being conducted by the best qualified laboratories and contractors based on their expertise and capabilities. The Argonne National Laboratory (ANL), Energy Technology Engineering Center (ETEC), Hanford Engineering Development Laboratory (HEDL), and Oak Ridge National Laboratory (ORNL) are the principal facilities conducting R&D in FY 1986. Industrial contractors are also essential to the program,

Answer 90(a) (continued):	primarily in developing designs for advanced reactor systems. There are no plans to limit the conduct of research activities to one or two laboratories.

QUESTIONS FROM THE MAJORITY

Advanced Reactor Research and Development

Question 90(b): Wouldn't such centers be a cost-effective way to best utilize the limited funding provided for this activity during this transitional period?

Answer: The Department, in formulating the FY 1987 budget, has consolidated efforts to enable cost-effective conduct of program activities at the best qualified laboratories and contractors. We believe that the program would not benefit, either in terms of cost effectiveness or technical achievement, if all program efforts involving design, research, development, and testing were conducted by one or two performers.

QUESTIONS FROM THE MAJORITY

Advanced Reactor Research and Development

Question 90(c): Please provide for the record an itemized list of the research projects presently conducted under this activity and where these projects are located.

Answer: The following table summarizes the major Advanced Reactor Research and Development activities being conducted in FY 1986. (See Glossary for explanation of abbreviations.)

ADVANCED REACTOR RESEARCH AND DEVELOPMENT

ACTIVITY	LABORATORY/CONTRACTOR
A. Advanced Design	
1. Develop a 350 megawatt electric liquid metal reactor conceptual design (SAFR)	RI
2. Develop a 138 megawatt electric liquid metal reactor conceptual design (PRISM)	GE
3. Develop a 140 megawatt electric high temperature gas cooled reactor conceptual design.	GA/GE

Answer 90(c)
(continued):

B. Safety Systems Design

1. Demonstrate self-acting, passive safety systems for removal of reactor decay heat.	ANL/ETEC/RI/GE
2. Conduct analyses and demonstrate the ability to safely shutdown oxide fueled liquid metal reactors by means of inherent core feedback mechanisms.	HEDL/WAESD
3. Conduct analyses and demonstrate the ability to safely shutdown metal fueled reactors by means of inherent core feedback mechanisms.	ANL
4. Develop and verify core designs and safety features which assure self-acting, inherent responses to a wide range of off-normal events.	ANL/WAESD/ETEC/GE/RI

Answer 90(c)
(continued):

C. Advanced Fuel Cycle Concepts

1. Metal fuel development, core design, fuel testing, and fuel recycle development--efforts include conceptual design and cost estimates for integral advanced LMR and fuel cycle facility; and core design support for the SAFR LMR design concept.	ANL/RI
2. Oxide fuel development, core design, fuel fabrication development and irradiation testing for long life cores; and core design support for the PRISM LMR design concept.	HEDL/GE/ ANL/WAESD
3. HTGR design/fuel cycle support--develop improved fuel; perform research on critical components and on graphite; and develop high temperature metals.	GA/ORNL/GE
4. Oxide fuel reprocessing--development of Purex reprocessing technologies required for mixed oxide fuels and associated advanced servo-manipulators. This activity includes cold testing of advanced equipment for the	ORNL

Answer 90(c)
(continued): Purex head end, solvent extraction, and development of remote operation and maintenance systems.

D. Plant Technology

1. Testing of prototypic steam generators, model pumps, specific piping components and key safety (Self-Actuated Shutdown Systems--SASS) features for LMR systems. Large sodium system operational experience is used to support design and analysis of advanced LMR heat transport systems.	ETEC/WAESD/ANL
2. Instrumentation and shielding--core neutron flux monitors, reactor transducers, reactor flowmeters and core shielding.	ORNL/HEDL
3. Development and demonstration of techniques for automated surveillance and diagnostics of reactor plants including "smart instrument" systems and sensors,	HEDL/ANL/ETEC/RI/WAESD/ORNL/GE

Answer 90(c)
(continued): fiber optics, and man-machine integration.

4. Development and demonstration of advanced technology for reactor control and maintenance including applications of artificial intelligence, robotics, and fault tolerant software.	ANL/ORNL GE/WAESD/HEDL
5. Development and demonstration of advanced materials for economic high temperature applications including 9 Cr-1 Mo steels.	ORNL/WAESD
6. Double wall steam generator fabrication for liquid metal coolant systems; a double-wall steam generator is referenced in the PRISM modular LMR concept.	WNCD

E. General

1. Provide engineering support and conduct of test programs at irradiation facilities in support of international agreements.	HEDL/ANL

Answer 90(c)
(continued):

2. Develop large plant design for use in international exchange programs.	WAESD/RI/GE/ Bechtel/B&R/S&W

GLOSSARY

RI - Rockwell International, Canoga Park, CA
GE - General Electric, Sunnyvale, CA
GA - GA Technologies, Inc., San Diego, CA
ANL - Argonne National Laboratory, Argonne, IL
HEDL - Hanford Engineering Development Laboratory, Richland, WA
ORNL - Oak Ridge National Laboratory, Oak Ridge, TN
ETEC - Energy Technology Engineering Center, Canoga Park, CA
WNCD - Westinghouse Nuclear Components Division, Pensacola, FL
WAESD - Westinghouse Advanced Energy Systems Division, Waltz Mill, PA
Bechtel - Bechtel Corporation, San Francisco, CA
S&W - Stone and Webster, Boston, MA
B&R - Burns and Roe, Oradell, NJ

QUESTIONS FROM THE MAJORITY

Nuclear R&D

Question 91: The pay-back to the American public for the money spent at the Three Mile Island clean up will be the lessons learned there. Key to these are the studies that will examine the TMI core. The results of these examinations should then be available for regulation recommendations and decisions and industrial improvements. Please provide for the record an itemized list of the evaluation and analysis activities (and related funding) that will be conducted before DOE phases out its involvement at TMI.

Answer: The evaluation and analysis activities for the remainder of the TMI program are tabulated below. The major products to be obtained from these activities are:

1. Extensive sampling and examination of plant structures and reactor core materials to determine core materials interactions, fission product distribution, and fission product chemical form.
2. Consistent and comprehensive understanding of the accident.
3. Effect of TMI-2 accident on the resolution of severe accident and source term issues, for use in rationalizing licensing actions related to severe accident criteria and emergency planning.

Answer 91
(continued):

4. Complete defueling and disassembly of the reactor.
5. Shipment, interim storage, and ultimate disposal of core material.
6. Dissemination of the research results to the nuclear industry.

TMI R&D FUNDING
($ in Thousands)

Program Elements	FY 1986	FY 1987	FY 1988
1. Examination Requirements and Systems Evaluations	750	900	400
2. Sample Acquisition and Examination	5,900	3,200	2,100
3. Data Reduction and Qualification	1,100	600	100
4. Information and Industry Coordination	900	400	150
5. Reactor Disassembly	17,000	4,700	3,600
6. Core Receipt and Storage	6,150	2,200	1,650
7. Instrumentation and Electrical	500	0	0
TOTAL	32,300	12,000	8,000

QUESTIONS FROM THE MAJORITY

BASIC ENERGY SCIENCES

Question 92: Funds are provided for advanced studies for three condensed matter facilities. The language for these reactors appears to place the facilities in specific locations. Has a site study been done for any of these reactor sites? If so, please provide details of the study, and other information to support the selections. If such decisions have not been made, please explain how and when these siting decisions will be made.

Answer: The siting decisions for the three condensed matter facilities, two synchrotron light sources and one advanced steady state reactor, were made as part of the Internal Review Budget process for the FY 1987 budget. Principal elements considered in each case were (1) resident capability to design, construct, and operate the facility, (2) compatibility of staff research interests and capabilities with the facility capabilities, (3) stature of the laboratory to attract outstanding user scientists, (4) geographical accessibility and temporary housing availability for users, and (5) appropriateness of the facility to maintain or enhance the technical viability of the laboratory.

QUESTIONS FROM THE MAJORITY

NUCLEAR ENGINEERING

Question 93: What are the plans within the Basic Energy Sciences activity at the Department of Energy to respond to ERAB's concerns about the declining state of nuclear engineering research and education in this country?

Answer: Some of the topics for which increasing emphasis is planned in the Engineering Research activity within Basic Energy Sciences are of special interest to nuclear engineering faculty and graduate students. Most notably, the majority of the participants in the recent BES-sponsored workshop on two-phase flow fundamentals were nuclear engineers, and it is expected that most of the new research projects planned for this area will be carried out by nuclear engineers and nuclear engineering graduate students.

QUESTIONS FROM THE MAJORITY

GREAT PLAINS

Question 94: Great Plains represents a valuable technical asset built with what is now a major contribution by the U.S. government. We are interested in what steps are being taken to ensure that the maximum national benefit will be gained as a result of that investment. What has been the recent technical performance of the plant?

Answer: Table 1 presents the SNG production for the past six months.

SNG Delivered	Average MMSCF/DAY	Percent Capacity
August 1985	118.6	86.3
September	125.3	91.1
October	140.9	102.5
November	135.4	98.5
December	119.1	86.6
January 1986	136.3	99.1
Average Aug. 85-Jan. 86	129.3	94.0

QUESTIONS FROM THE MAJORITY

GREAT PLAINS

Question 95: In what way has the operation not been in compliance with environmental standards (either violations or waivers)? What is being done to correct the situation?

Answer: There are three issues which relate to not being in compliance with conditions stipulated in the Permit to Construct. These issues are sulfur emission levels, odor, and performance testing of plant equipment.

SULFUR EMISSIONS

The Stretford Sulfur Recovery Unit was installed to remove H2S from the Rectisol Unit acid gas stream and to convert the H2S to elemental sulfur. While the Stretford process is proven in various applications, the unit at the Great Plains Gasification Plant (GPGP) is the first unit in lignite gasification service downstream of Lurgi gasifiers and Rectisol acid gas removal.

Due to the first-of-a-kind application and to the unique process configuration (multiple feed streams, common regeneration), several adjustments to the process and to the equipment were made before, during and after the start-up of the unit. After a variety of modifications to both the venturi and packed absorber sections of the unit, the unit is still having operational problems and has not reached its guaranteed performance level.

The design of the Stretford unit incorporated the treatment of three additional gas streams:

1. Fuel gas from Gas Cooling and Lock Gas Compression
2. Waste Gas From the Phosam Superstill
3. Overhead gas from the Naphtha Stripper

A separate absorber was originally installed for the fuel gas, while the two other streams were to be mixed with the waste gas from Rectisol.

These three additional streams were flared or incinerated in the boilers during the initial operations in order to minimize start-up problems in the Stretford Unit. Later, when the Phosam waste gas was first introduced to the Stretford Unit it caused a major upset. The sulfur content of the solution in the slurry basin floated to the surface and the centrifuges were ineffective for sulfur separation. The high sulfur content of the solution then upset the operation of the other absorbers. Similar problems occurred when the fuel gas was introduced into the system.

Based on this experience it was decided that these gas streams should be kept out of the Stretford Unit and a separate process should be considered for treating them.

The failure to operate the absorber without plugging prompted the modification of the system. Initially the existing nozzles of the venturis were replaced with new nozzles of the type used successfully in the Stretford Unit of Exxon's Benitia refinery. Subsequently, two parallel venturis in one of the trains were repiped to operate in series with and without the downstream packed absorber section. The new nozzles and the two venturis in series, however, did not succeed in reducing the H2S content low enough to avoid plugging in the packed section, and without the packed section, the H2S content was not reduced to the required level. Increased solution feed rates improved the performance of the venturis but not sufficiently. Tests using three-stage venturis without a packed section showed improvement in H2S removal at high liquid to gas ratios. Tests with four-stage venturis have also been performed. These tests indicated that four- or even three-stage venturis can be effective in reducing H2S to the required 100 ppm level, however, it will be very expensive to install and operate such a system because of the high liquid to gas ratio requirement.

On September 30, 1985, DOE authorized ANG to proceed with a capital improvement project to permit the conduct of caustic wash tests on the Stretford absorber column.

For the caustic wash test the packing was replaced with mini-rings in absorber "D" and chemical cleaning of the packing with hot caustic solution will be performed when plugging starts to occur in approximately 4-6 weeks. The testing of this project will include three complete cycles. The success of this full-scale pilot project will allow the operation of the unit at close to design H2S removal efficiency and provide a relatively simple and safe means of cleaning the packing in a short period of time. This process has been successfully demonstrated in commercial scale by Chevron at Carter Creek, Wyoming, and also tested in a bench scale pilot plant at GPGP.

The spent caustic will be collected and will be used as makeup to the Stretford solution.

These tests were initiated in early January 1986. To date, results have not been promising.

DOE has approved a capital improvement project to install a Stretford test facility owned by the EPA. Estimated cost of the project is $500,000. This facility will allow testing of various gas streams for process and operating improvements to reduce sulfur emissions from the phosam off-gas, azeotrope, naptha stripper, methanol scrubber off-gas, prewash flash and lock gas streams.

ODOR

Four projects remain to be completed to comply with the Odor Consent Agreement signed by Great Plains Gasification Associates and the State of North Dakota in February of 1985. On February 6, 1986, the Acting Assistant Secretary for Fossil Energy authorized the Manager, Chicago Operations to proceed with ANG to schedule and accomplish these projects. The estimated costs are $2.0 million for the start-up flare, new API pit/rocket, 1800 vessel vent system and the tank collection and blending system.

PERFORMANCE TESTING OF PLANT EQUIPMENT

GPGA and the State of North Dakota entered into an Administrative Consent Agreement in March 1985, which stipulated projected compliance test dates for emission sources. Although a number of the dates have been met, tests on the Stretford system, main stack and boilers cannot be accomplished because of the current difficulties being experienced with the operation of the Stretford system and the inability to treat several of the process streams originally intended for processing in the Stretford system. Discussions are currently being held with the State of North Dakota to identify the proposed test programs planned and/or underway to resolve the problems. A new schedule must be developed and agreed upon by all parties.

QUESTIONS FROM THE MAJORITY

GREAT PLAINS

Question 96:	What is the status of compliance of the pipeline company customers of Great Plains with the Gas Purchase Contracts, the validity of which was upheld by the United States District Court? What do you expect to be the next step, if any, regarding litigation on this matter?
Answer:	All four pipeline companies have paid for SNG delivered in January 1986 at the Gas Purchase Agreement rate.

ANR Pipeline Company paid in full ($8.9 million), on February 5, 1986, all monies owed for principal and interest for SNG delivered from August 1, through December 31, 1985. The Department of Justice is currently negotiating with the remaining three pipeline companies in an effort to reach a settlement on the amounts owed.

Three of the four pipeline companies (all except ANR) have indicated they will appeal the ruling of the court of January 14, 1986.

QUESTIONS FROM THE MAJORITY

GREAT PLAINS

Question 97: What is the current financial status of Great Plains? How does that change with compliance with the Gas Purchase Contracts?

Answer: Prior to the court decision of January 14, 1986, which ruled the Gas Purchase Agreements valid and enforceable, our estimates were that additional federal financing of the project would have been required in March 1986 for continued operation. With the payment of ANR Pipeline Company of February 5, 1986, and the payment for January 1986 gas deliveries at the Gas Purchase Agreement rates by all four pipeline companies, sufficient working capital has been infused into the project to preclude the necessity for additional federal financing at this time.

QUESTIONS FROM THE MAJORITY

GREAT PLAINS

Question 98: What is the Department's current plan for continuing operation? To what extent is the Department's current attitude toward continuing operation under its aegis dependent on the compliance of the pipeline company customers with the Gas Purchase Contracts?

Answer: The Department continues to operate the plant, addressing the efficiency of operations and the capital project improvements deemed necessary for environmental or economic reasons. The Department will continue to make a good faith effort to keep the Project in operation after the current litigation is resolved provided that the revenues received from the operation of the Project suffice to pay all operating and capital expenses for the Project, so that additional taxpayers' funds need not be spent to operate and maintain the project.

QUESTIONS FROM THE MAJORITY

GREAT PLAINS

Question 99: What is your opinion of the proper approach to what I will call "The Great Plains Problem" recognizing the large benefits to be gained by establishing a basis for its continuing operation? Are you considering some form of transfer back to the private sector? What is your feeling about whether or not the companies that were partners in Great Plains Gasification Associates should be allowed to participate in a project restructuring?

Answer: On February 13, 1986, the Department published a notice in the Federal Register asking public and private sector organizations to express their interest in acquiring the Great Plains Coal Gasification Plant. This action will give the Department the opportunity to consider which of several options for disposition of the facility would be the most appropriate and advantageous for both the citizens of North Dakota and the U.S. taxpayer.

The Department's objectives are threefold. We want to transfer ownership of the plant and remove the federal government as a direct competitor in the gas production business. We want to recover, to the maximum extent possible, those funds provided by the U.S. taxpayers to cover the default of the original plant owners. And we want to assure continued long-term operation of the plant to avoid disruptions to the local economy and to capture the benefits associated with extended plant operations.

In the event the Department elects to dispose of the plant by a formal competitive process, companies that were partners in the Great Plains Gasification Associates should be allowed to participate on an equal and normalized basis. These companies have an incentive to participate based on current tax liabilities they face (e.g. repayment of previously claimed tax credits), and they do have specific knowledge and experience in the management of the project which others do not possess.

Questions From Senator Weicker

Spot Price for Natural Gas

Question 100: Mr. Secretary, last fall you submitted to the Federal Energy Regulatory Commission (FERC) a proposed rule to increase the price of old gas. What is the approximate spot market price for natural gas?

Answer: A review of several natural gas industry and marketing organizations publications indicates that the current spot market price of natural gas at the wellhead is in the range of $1.75 per Million British Thermal Units in Oklahoma to $2.25 per Million British Thermal Units in Louisiana. Based on this information, our best estimate for an approximate spot market price for natural gas is $2.03 per Million British Thermal Units at this time.

QUESTIONS FROM SENATOR WEICKER

OLD GAS PRICING RULE

Question 101: Under DOE's proposal you would simplify the pricing structure for "flowing old gas" by replacing the myriad of ceiling prices with a single price. What is that single price?

Answer The proposed rule would eliminate various ceiling prices based on old gas vintages and replace them with one ceiling price equal to the ceiling price applicable to post-1974 old gas. In November of 1985, when DOE issued the proposal this price was $2.525 per million Btu's. This price will escalate at the rate of inflation, in the same manner as gas priced under section 104 of the Natural Gas Policy Act.

QUESTIONS FROM SENATOR JOHN WARNER

FY 1987 FOSSIL ENERGY R&D BUDGET

Question 102: The budget highlights for FY 1987 express the expectation that "the Nation will look increasingly to coal as a primary source of energy."

I hope that this is correct, but how does the Administration expect to achieve an increased use of coal while reducing the coal research and development program from $246 million in FY 1986 to $82.2 million in FY 1987?

Answer: We believe that the $82.2 million requested for the coal portion of the Fossil Energy request for FY 1987 represents the proper balance between maintaining a strong technology base R&D program while recognizing the serious national budget deficit problem. Increased usage of any fuel source is not tied directly to the amount of R&D funding dedicated to it. A number of major activities conducted in FY 1986 are continued into FY 1987. The attached list depicts major activities that are continuing into FY 1987 in support of this balanced, technology base R&D program.

It should be noted that in addition to the $82.2 million requested for the technology base R&D program, approximately $149.1 million is available in FY 1987 to conduct cost-shared construction and operation of clean coal technology projects to demonstrate the feasibility of future commercial applications of these technologies. We believe that when all of the coal-related, Federally-sponsored programs are considered, a viable, effective coal program has been requested for FY 1987.

Attachment

Major Activities Continuing Into FY 1987
($ in thousands)

	Adjusted[1/] FY 1986	FY 1987
Control Tech. and Coal Prep.		
o Joint DOE/EPRI adv. coal cleaning development and test program.	$ 538	$1,000
o Investigation of advanced concepts for chemically modified coals.	2,286	1,300
o POC test and evaluation for acid rain precursor control technology process candidates.	1,797	3,390
o Research on advanced NO_x/SO_2 chemistry and advanced concept development.	4,456	2,341
AR&TD		
o Research on coal combustion science.	5,131	4,643
Coal Liquefaction		
o Research on advanced process concepts.	6,667	2,996
Combustion Systems		
o Follow-on research at Grimethorpe.	1,441	1,500
o Multi-phase program for a high efficiency PFB system.	1,695	1,000
o Light industrial, commercial, and residential combustor concepts.	1,655	1,400
o R&D for CLM/micro-coal fuels in residential boiler/furnace systems.	2,572	1,780
Fuel Cells		
o Development of external and/or internal molten carbonate stacks.	7,831	2,600
o Solid oxide fuel cell concept.	3,251	1,600
Heat Engines		
o Coal-fired gas turbine integrated systems test validation program.	8,432	5,994
o Coal-fired diesel engine integrated systems test validation program.	2,585	1,548
Surface Coal Gasification		
o Theoretical studies on coal gasifiers and gasification systems.	445	703
o Joint DOE/GRI engineering analyses program.	0	600
Adv. Process Technology		
o Fundamental petroleum research at NIPER.	1,927	1,500
o Arctic/offshore oil and gas research data base.	839	235
Enhanced Oil Recovery		
o Post-field test analyses of EOR trials and studies of geologic heterogeneities.	1,537	1,100

	Adjusted[1/] FY 1986	FY 1987
Oil Shale		
o Eastern oil shale research.	1,922	1,450
o Reference shales characterization and experiments.	2,192	1,201
Unconventional Gas Recovery		
o Fracture stimulation research and production testing at multi-well facility.	4,216	3,200
o Geochemical and geophysical diagnostic tests for gas hydrates on the North Slope of Alaska.	586	650

[1/] Adjusted by .06% general reduction and approximately 3.9% for Gramm-Rudman.

QUESTIONS FROM SENATOR JOHN WARNER

CLEAN COAL TECHNOLOGY PROGRAM

Question 103: As you know, I have been a strong supporter of the Clean Coal Technology Program to increase the use of coal by private industry in an environmentally safe manner. Can you provide the Committee with a status report on the solicitation of bids, award dates, etc. for FY 1986.

Answer: In order to meet the Congressionally mandated requirements of P. L. 99-190, several significant steps have been completed and the remainder have been scheduled.

On January 27, 1986, a *Federal Register* notice was issued announcing the program, specifying the date for release of a draft of the Program Opportunity Notice (PON) for public comment, specifying the date for release of the final PON, providing some information on the preproposal conference and providing information on contact points for more information.

On January 30, 1986, the draft PON was released for public comment. Comments received were considered in drafting the final PON which was mailed to those on our mailing list on February 14, 1986.

Our schedule calls for:

o Preproposal conference	March 6, 1986
o Proposals due to DOE	April 18, 1986

- Selection to be made
  (negotiations would begin
  after selections are made)   August 1, 1986

QUESTIONS FROM SENATOR JOHN WARNER

CLEAN COAL TECHNOLOGY PROGRAM

Question 104: Have the cost-sharing arrangements for this program been defined or will it be decided on a case-by-case basis?

Answer: The Program Opportunity Notice provides details on the cost sharing requirements and defines the eligibility for cost-sharing under this program.

QUESTIONS FROM SENATOR JOHN WARNER

CLEAN COAL TECHNOLOGY PROGRAM

Question 105: When the Congress decided to focus increased efforts to develop more uses for coal with the Clean Coal Program it was intended to supplement the ongoing fossil R&D program. Is this the intention of the Department or will Clean Coal be used in-lieu of the research and development efforts?

Answer: The Department intends that the Clean Coal Technology funds will be used in addition to funds appropriated by Congress for DOE's Fossil Energy research and development program which focuses on long-range, high-risk projects.

Questions from Senator John Warner
Office of Civilian Radioactive Waste Management

Question 106: Can you provide the status of the department's selection schedule for the first repository for high-level radioactive waste and spent-nuclear fuel?

Answer: The Department remains firmly committed to beginning operations of the first repository in 1998. In the OCRWM Mission Plan the nomination and recommendation of sites for characterization was scheduled for late 1985. The Department currently expects this to occur in late April. Site Characterization Plans will be issued beginning in late 1986, and actual work on exploratory shafts will begin in 1987. The Department expects to complete site characterization and select the first repository site in 1991. This will permit licensing and construction to be completed to support the 1998 milestone.

QUESTIONS FROM SENATOR WARNER

CIVILIAN RADIOACTIVE WASTE

Question 107: What are the Department's plans and timetables for sending to Congress legislation authorizing the construction of a monitored retrievable storage facility?

Answer: The specific proposal for an MRS facility mandated in section 141(b) of the Nuclear Waste Policy Act was scheduled to be provided to the Congress in early February, after the Department had received the comments from the Nuclear Regulatory Commission, the Environmental Protection Agency and the State of Tennessee to send to the Congress with the proposal. Although the proposal, its required supporting documentation, and the comments from the State and other Federal agencies are ready for submission to the Congress, an injunction resulting from litigation in the Federal District Court for the Middle District of Tennessee enjoins the Department from submitting the documentation. The Department has appealed the injunction to the Court of Appeals for the Sixth Circuit. The plans and timetable for submitting the proposal to Congress will depend on the schedule and content of the circuit court ruling. The Department has also included funding for the activities critical to the timely deployment of a monitored retrievable storage (MRS) facility in the Fiscal Year 1987 budget provided to the Congress on February 4, 1986.

Questions from Senator John Warner

Civilian Radioactive Waste

Question 108: DOE released in January 1986 the Area Recommendation Report narrowing down the sites for a second repository from 200 (sic., 235) to 12. Will you notify the areas under consideration when they are disqualified or will the department wait until the next announcement date of 1991 when 5 final sites are recommended to the President? I would hope that communities would be notified as soon as they are disqualified.

Answer: As indicated in the draft Area Recommendation Report, publication of the Environmental Assessments and screening for the nomination and recommendation of the candidate sites for the second repository will occur in 1993. However, should major flaws become apparent at any site during area phase characterization studies or at any other time during the site selection process which would disqualify the site(s) under the Department's Siting Guidelines (10 CFR 960), such site will be eliminated from further studies and the residents of the neighboring communities as well as other interested parties will be notified promptly.

QUESTIONS FROM SENATOR JOHN WARNER

CIVILIAN RADIOACTIVE WASTE

Question 109: Do you intend to submit legislation authorizing a second high level nuclear waste disposal site?

Answer: The current program plan calls for the President, pursuant to Section 114(a)(2)(A) of the Nuclear Waste Policy Act, to recommend to the Congress a second repository site. According to our current schedule this would not occur prior to 1999.

QUESTIONS FROM SENATOR JOHN WARNER

CIVILIAN RADIOACTIVE WASTE

Question 110: What is the rationale behind excluding national parks and forests as potential sites? You should be aware that some Virginians have concluded that the Federal government values trees and animals more than humans and private property because of the exclusion of national parks and forests as potential sites.

Answer: The Nuclear Waste Policy Act Section 112(a) requires that the Department's Siting Guidelines "specify factors that qualify or disqualify any site from development as a repository including factors pertaining to....proximity to components of the National Park System, the National Wildlife Refuge System,...or National Forest Lands." The Act also specifies the population factors that will disqualify any site from development as a repository. Therefore, the Department's Siting Guidelines exclude consideration of National Parks as the location for the repository restricted area and only those portions of the National Forest Lands where the presence of the restricted area would conflict irreconcilably with the previously designated resource preservation use of the National Forest Lands. The components that were disqualified included only primitive areas, research natural areas, and national recreation areas. Similarly, the Guidelines also have disqualifying conditions that prevent selection of repository surface facilities in highly populated areas and densely populated areas as specified in the Act. In addition, the DOE and States weighted the relative importance of proximity to population and protected lands in applying the region-to-area screening process. In all cases, proximity to population features was weighted higher than proximity to Federal protected lands. A potentially acceptable and nominated site has to satisfy all guideline conditions and no preferential treatment is given to the environmental guidelines over the human population density and distribution guidelines.

QUESTIONS FROM SENATOR WARNER

STRATEGIC PETROLEUM RESERVE

Question 111: The budget maintains a moratorium on the development and fill rate for the Strategic Petroleum Reserve at 500 million barrels of crude.

Due to the precipitous drop in the price of foreign oil, would it now be an attractive opportunity to provide additional protection against unanticipated disruptions and energy security by continuing to fill SPR at these low prices?

Answer: A decline in oil price levels does not, by itself, argue for continued fill of the Strategic Petroleum Reserve. Strategic Petroleum Reserve fill decisions need to be forward-looking in nature, taking into account anticipated trends in future oil prices, the perceived nature of supply disruption risks, availability of private or foreign government oil inventories and surge production capacity to mitigate risks, and the cost to the taxpayer for borrowing the funds and paying the interest costs associated with added investment in the Strategic Petroleum Reserve. Low prices now are matched by reduced expectation of oil supply interruptions.

QUESTIONS FROM SENATOR EVANS

POWER MARKETING ADMINISTRATIONS

Question 112: Regarding the privatization proposal, you did not indicate in your testimony what sort of a process that you intend to establish within the Department to examine this proposal. You do say in the budget highlights, however, that the Department intends to sell Bonneville and Southwestern by the end of FY 1988, with all PMA's having been transferred by the end of 1991. That is a fairly fast track for such complex transfers of federal assets. Please describe the study, or task force, process that you intend to pursue within the Department.

a) Who are the members of the Task Force or Study Group that you will establish?

b) Has a proposal been submitted to the Secretary's Office yet for such a Task Force?

Answer: The schedule for selling the PMAs in the Budget document will serve as early guidance on the timing of the process, however, as the process proceeds these schedules are subject to change. The task force to accomplish these sales is currently being designed. We expect to have the organizational structure established in the next couple of weeks.

c) What are going to be the specific objectives of the study group?

Answer: The groups's objectives will be to pursue privatization or defederalization through an open competitive process. Our current guidelines are to pursue defederalization in a manner which:

- Seeks a fair return to the Federal taxpayer from the defederalization of the assets
- Recognize the benefits currently enjoyed by existing customers
- Recognize and provide appropriate protection for Federal employees
- Minimize impact on existing rates
- Seeks the views of concerned groups and individuals including Congressional delegations, state and local officials, current customers, the financial community, public power and private sector energy interests.

d) Do you intend to use any groups or organizations outside of the Department to carry out specific studies related to this proposal, such as different valuation schemes for PMA assets?

Answer: Although it is likely that outside expertise will be required to accomplish these sales, the process and procedures for selling the PMAs have not yet been fully developed thus we are not yet able to describe the nature of any outside input into the process.

e) Given the time for proposed sale mentioned in the Budget Highlights, what is the timetable for such a study group? Please submit it for the record, if available?

Answer: As indicated above this schedule is still being developed within the Department.

f) Do you intend to consult with the relevant Congressional committees regularly on the progress of such a study group? If not, will you submit any written documents or analyses to such Committees on a regular basis?

Answer: Yes, we do intend to keep the relevant Congressional committees fully apprised of the plans and progress made to accomplish these sales.

QUESTIONS FROM SENATOR EVANS

POWER MARKETING ADMINISTRATIONS

Question 113: Regarding the PMA privatization proposal, how do you intend to go about soliciting proposals from interested purchasers?

a) If you have received any solicitations thus far, please describe the nature of the solicitation and, if possible, a description of the interested purchaser.

b) If there are any documents submitted by such party to DOE describing its interest in PMA assets, please submit them for the record.

Answer: The plans for accomplishing these sales are still being developed and we are thus unable to define the process for soliciting proposals. We have not received any solicitations to date.

Questions From Senator Evans

Repayment Proposal

Question 114: Repayment proposal: You described the Department's intent to submit a modified repayment proposal that would place all PMA's on an annualized schedule for principal payments.

Question 114(a): When do you intend to submit such legislation to the Congress?

Answer 114(a): The Department intends to submit repayment legislation within the next two weeks.

Question 114(b): Do you intend to draft it as legislation to an authorizing bill, or to an appropriations bill?

Answer 114(b): This legislation will be submitted as authorizing legislation.

Question 114(c): Will the repayment proposal affect all PMA's equally?

Answer 114(c): The legislation is being drafted so the repayment policy will apply equally to all of the PMA's.

Question 114(d): Will the repayment proposal reflect the useful economic lives of the project facilities of the unpaid appropriations investment?

Answer 114(d): The proposal provides that for projects placed in service before September 30, 1986, repayment would be within the repayment periods as presently established and will not exceed 50 years. For projects placed in service after September 30, 1986, repayment would be based upon the service life of the project but not to exceed 50 years.

Question 114(e): What are the rate impacts on Bonneville caused by such a repayment proposal that you have developed so far? Please submit for the record and include both a 50-year repayment period and a term that reflects the average useful economic life of the facility.

Answer 114(e): The rate impacts of the proposal are modest when compared to last year's proposal. Bonneville's rates would increase in the range of six to nine percent if implemented in FY 1987. An analysis of a 50-year repayment period versus a term that reflects the useful life has not been performed at this time.

QUESTIONS FROM SENATOR EVANS

POWER MARKETING ADMINISTRATIONS

Question 115: Multi-purpose nature of facilities:

a) What is your preliminary thinking on how to distinguish the various functions of a multi-purpose facility in the FCRPS system, and how to allocate costs to the various beneficiaries in a privatization proposal?

Answer: It would be premature for the Department to attempt to access the non-power benefits of these multi-purpose facilities for the purpose of allocating costs to possible purchasers. This, of course, will be an integral part of the process of asset evaluation that must take place in transactions of this type. Under section 302(a)(3) of the DOE Organizational Act, any reallocation of costs of multi-purpose water projects must be approved by Congress.

b) Do you intend to consult with the FERC on the computation of upstream benefits on river basins such as the Columbia River? Do you intend FERC to continue to have such jurisdiction in a privatization proposal?

Answer: We will consult with FERC on this and other matters as we proceed with the sale of these assets.

c) Is it DOE's intent for the Bureau and the Corps to retain ownership of the dam structures themselves, and to sell the current and potential power generation and output of such facilities?

Yes. The sales will not include the sale of the dam structures. It has not yet been determined whether the power houses at the dam would be sold or instead the power produced by these facilities.

d) Have you developed any scheme to deal with the rights of river coordination that Canada presently has with the United States in its Treaty? How would these obligations be considered in a privatization proposal?

Answer: There will be careful attention placed on assuring continuity in maintaining treaty provisions with Canada. No particular scheme has been developed at this time.

QUESTION FROM SENATOR EVANS

CONSERVATION

Question 116: Please submit a copy of "Guidelines for DOE Long-Term Civilian Research and Development," all five volumes, for the record (ERAB's Report to DOE in December, 1985).

a) Do you believe that the priorities reflected in the FY 1987 budget reflect ERAB's recommendation?

b) Did ERAB members understand the budget implications of their recommendations, especially in light of the Gramm-Rudman-Hollings legislation, when they wrote their report?

c) If ERAB's recommendations are not acted on in a meaningful way in DOE's budget and in the decision process, what role do you envision for it?

Answer: We do seriously consider ERAB recommendations, and many from past studies have been implemented. In this case, the report was not submitted to me until after the FY 1987 budget had been formulated. Nevertheless, DOE policy does fit with the broad areas of emphasis listed in the report, recognizing that there are many energy R&D areas of potential benefits that cannot be pursued because of budget limitations.

ERAB was aware of the deficit problem, but not of the Department's proposed FY 1987 budget or the Gramm-Rudman-Hollings legislation. The ERAB chairman's letter transmitting the report to me states that "The Board did not address current budget priorities, but attempted to identify the areas in which continued effective efforts are needed in order to ensure that the broad long-term goals can be accomplished."

We do act on ERAB's recommendations. In many cases they are implemented. In a few cases, because of significant budget or policy changes, they cannot be implemented. But we have always found their advice to be very valuable and worthy of our serious consideration. I have requested my Assistant Secretaries to carry out an in-depth review of this report's recommendations, and to advise me on them.

Committee Note.--DOE supplied the requested reports which have been retained in Committee files.

QUESTIONS FROM SENATOR EVANS

INDUSTRIAL CONSERVATION

Question 117: Industrial Conservation: You have proposed budget cuts of about 61% in the FY 1987 budget (from $40 MM to $15.6 MM). It seems to me that this could be our most cost-effective energy resource in the near-term future.

(a) You appear to be placing primary emphasis on process electrolysis, especially increasing efficiency in the aluminum smelting process. Please describe the level of funding and nature of projects in the aluminum smelting sector in this budget. How much of these programs are cost-shared, on a percentage basis?

Answer: Laboratory scale research of fundamental nature is proceeding at the Pacific Northwest Laboratory (PNL) of DOE. This research, being small scale, requires only $500,000 in 1987 as compared with larger scale research previously undertaken at Alcoa.

There is also a modest laboratory research assistance project at MIT requiring $100,000 during FY 1987.

In earlier research contracts, which have been discontinued, industry cost-sharing ranged between 18% and 33%.

The high technology requirement of the research now requires the advanced skills of PNL and MIT which are fully funded, on a more modest scale, by DOE.

(b) What is the main reason for the substantial cut in funding in this category?

Answer: The budget preparation took the Gramm-Rudman-Hollings Act into consideration and funding for only the highest priority efforts that can be afforded was requested. Programs that offer substantial incentives for industrial support, in the form of significant cost savings, for instance, are considered more appropriate for private funding.

(c) Has DOE had any studies done recently on a cost-benefit evaluation of industrial conservation R&D. If so, please submit it for the record.

Answer: The Office of Industrial Programs maintains various information regarding cost-benefits and other impacts from the program. The attached is a recent update of a compendium of such information.

Attachment to Question 117

INTRODUCTION

The U.S. Department of Energy's Industrial Energy Conservation Program supports research and development of selected high-risk energy conservation technologies, typically on a cost-shared or cooperative basis with private industry. The program also has sponsored a number of Energy Analysis and Diagnostic Centers (EADC's) which have engineering students perform free plant energy audits for small- and medium-size U.S. companies. The primary purpose of the overall program is to improve the efficiency of U.S. industry. The technologies developed by the program hold great promise for improving U.S. industrial productivity and competitiveness in world commodity markets.

Since its inception, the Industrial Energy Conservation Program has supported over 200 research and development projects. Twenty-three completed technologies have so far been brought into production and use by industry and are saving an estimated 32 trillion Btu's of energy per year, valued at more than $150 million per year in savings, and will save even greater amounts as market penetration continues.

This document is intended to summarize, in terms of participation and results, the impacts of the program to date. The folded map of the United States found inside the front cover shows the geographical distribution of the program's effects. Subsequent sections highlight the location by State of some of the new technologies implemented by private industry after their development with program support; the location of energy audits performed by students at the Energy Analysis and Diagnostic Centers; the estimated energy savings achieved to date; the program benefit/cost to the nation; estimated non-energy benefits to the nation; the locations of R&D projects sponsored; and private-sector commentary.

NEW TECHNOLOGIES IMPLEMENTED

Since the program's inception numerous technology improvements have been developed jointly with private industry and have been put into production and use.

These technologies include:

- Catalytic Reactor
- Cogeneration - Coal-Fired Steam Turbine
- Cogeneration - Slow-Speed Diesel
- Coil Coating
- Computer Controlled Oven
- Cupola Stack Air Injection
- Dye Bath Reuse
- Foam Finishing
- Heat Exchanger - Dryer
- High Efficiency Welding Unit
- Hyperfiltration - Textiles
- Irrigation Systems
- Nitrogen - Methanol Carburization
- Organic Rankine Cycle Bottoming Unit
- Pipe-Cross Reactor
- Plating Waste Concentrator
- Recuperators (AiResearch)
- Recuperators (GTE)
- Slot Forge Furnace

Units of these technologies are installed and operating across the U.S. On the following pages the locations of some of these operating units are listed. This list is incomplete; for example, approximately 2,100 high-efficiency welding units and 10,000 advanced irrigation systems are known to be operating.

PARTIAL LIST OF LOCATIONS IMPLEMENTING NEW TECHNOLOGIES DEVELOPED BY INDUSTRIAL PROGRAMS

ALTERNATIVE POWERED HAND TOOLS
- KANSAS, WICHITA
- NEVADA, SPARKS
- PENNSYLVANIA, MIDDLETOWN

CATALYTIC REACTOR

- INDIANA, WHITING
- TEXAS, HOUSTON

COGENERATION-COAL FIRED STEAM TURBINE

- NORTH CAROLINA, RAEFORD
- NORTH CAROLINA, RIEGEL

COGENERATION-SLOW SPEED DIESEL

- FLORIDA, SEERING
- NEW JERSEY, BELVIDERE

COMPUTER CONTROLLED OVEN

- PENNSYLVANIA, ALLENTOWN

CUPOLA STACK AIR INJECTION

- NEW YORK, OSWEGO

FOAM FINISHING

- GEORGIA, DALTON
- MASSACHUSETTS, NORTH DIGHTON
- MASSACHUSETTS, FALL RIVER
- NORTH CAROLINA, OLD FORT
- NORTH CAROLINA, WADESBORO
- RHODE ISLAND, CUMBERLAND
- SOUTH CAROLINA, CLEARWATER

HIGH EFFECTIVENESS RECUPERATORS

- CALIFORNIA, LOS ANGELES
- CALIFORNIA, PITTSBURG
- INDIANA, TERRE HAUTE
- MARYLAND, SPARROWS POINT
- PENNSYLVANIA, WARREN

HIGH TEMPERATURE RECUPERATORS

- CONNECTICUT, CANAAN
- CONNECTICUT, HARTFORD
- CONNECTICUT, NEW HARTFORD

PARTIAL LIST OF LOCATIONS IMPLEMENTING NEW TECHNOLOGIES DEVELOPED BY INDUSTRIAL PROGRAMS (CONTINUED)

HIGH TEMPERATURE RECUPERATORS (CONTINUED)

KENTUCKY, CYNTHIANA
KENTUCKY, MADISONVILLE
MASSACHUSETTS, GLOUCESTER
MICHIGAN, MUSKKEGON
NEW JERSEY, DOVER
NEW JERSEY, FLORHAM PARK
NEW JERSEY, ROCKAWAY
NEW YORK, AUBURN
NEW YORK, BUFFALO
NEW YORK, DUNKIRK
NEW YORK, JAMESTOWN
NEW YORK, OSWEGO
NEW YORK, ROCHESTER
NEW YORK, SYRACUSE
OHIO, CINCINNATI
OHIO, TORONTO
OREGON, PORTLAND
PENNSYLVANIA, BETHLEHEM
PENNSYLVANIA, BURNHAM
PENNSYLVANIA, CORRY
PENNSYLVANIA, ERIE
PENNSYLVANIA, ERIE
PENNSYLVANIA, HARRISBURG
PENNSYLVANIA, LEBANON
PENNSYLVANIA, SAYRE
PENNSYLVANIA, TOWANDA
PENNSYLVANIA, TOWANDA
PENNSYLVANIA, TOWANDA
PENNSYLVANIA, TOWANDA
PENNSYLVANIA, TOWANDA
PENNSYLVANIA, TOWANDA
PENNSYLVANIA, WARREN
WISCONSIN, MILWAUKEE
WISCONSIN, MILWAUKEE

HYPERFILTRATION-TEXTILES

SOUTH CAROLINA, LAFRANCE

ORC BOTTOMING UNIT

CALIFORNIA, HAYWARD
FLORIDA, HOMESTEAD
ILLINOIS, ROCKFORD
KANSAS, BELOIT
KENTUCKY, JERGUSON
MARYLAND, EASTON

PARTIAL LIST OF LOCATIONS IMPLEMENTING NEW TECHNOLOGIES DEVELOPED BY INDUSTRIAL PROGRAMS (CONTINUED)

PIPE CROSS REACTOR

ALABAMA, CHEROKEE
ALABAMA, FLORENCE
ALABAMA, NANCEVILLE
CALIFORNIA, LATHROP
FLORIDA, MULBERRY
GEORGIA, AMERICUS
GEORGIA, BAINBRIDGE
IDAHO, POCATELLO
ILLINOIS, EAST ST. LOUIS
ILLINOIS, HENRY
ILLINOIS, STREATOR
INDIANA, NEW ALBANY
LOUISIANA, TAFT
MARYLAND, BALTIMORE
MICHIGAN, HOLLAND
MICHIGAN, SAGINAW
MISSOURI, JOPLIN
MISSOURI, PALMYRA
NORTH CAROLINA, RIEGELWOOD
NORTH CAROLINA, WINSTON-SALEM
OHIO, COLUMBUS
OHIO, MT. GILEAD
OHIO, WASHINGTON
SOUTH CAROLINA, SPARTANBURG
TEXAS, NACOGDOCHES
TEXAS, PASADENA
VIRGINIA, NORFOLK
WISCONSIN, MADISON
WISCONSIN, PRAIRIE DU CHIEN

PLATING WASTES CONCENTRATOR

FLORIDA, ST. PETERSBURG
NEW YORK, LONG ISLAND
SOUTH CAROLINA, CHARLESTON

SLOT FORGE FURNACE

CALIFORNIA, ALBANY
GEORGIA, ATLANTA
IOWA, DAVENPORT
ILLINOIS, CHICAGO
ILLINOIS, JOLIET
ILLINOIS, SPRING GROVE
MASSACHUSETTS, PIGEON COVE
NORTH CAROLINA, HENDERSONVILLE
NEW JERSEY, BLOOMFIELD
NEW JERSEY, NEWARK
PENNSYLVANIA, EASTON

PARTIAL LIST OF LOCATIONS IMPLEMENTING NEW TECHNOLOGIES DEVELOPED BY INDUSTRIAL PROGRAMS (CONTINUED)

SLOT FORGE FURNACE (CONTINUED)

- PENNSYLVANIA, LANCASTER
- TEXAS, FORT WORTH
- TEXAS, HOUSTON
- TEXAS, HOUSTON
- TEXAS, HOUSTON
- VIRGINIA, RICHMOND
- WASHINGTON, SEATTLE
- WISCONSIN, CLINTON

ENERGY AUDITS

In 1977 the Industrial Energy Conservation Program began sponsoring Energy Analysis and Diagnostic Centers at U.S. universities. Under this project, more than 1,300 preliminary plant energy audits have been performed by engineering students for small- and medium-size companies. The project provides these companies with the expertise necessary to identify significant cost-effective energy savings opportunities.

Universities participating in the EADC project include:

- Colorado State University, Fort Collins
- Georgia Institute of Technology, Atlanta
- Louisiana Tech University, Ruston
- North Carolina A&T State University, Greensboro
- Oklahoma State University, Stillwater
- Prairie View A&M University, Prairie View
- Stevens Institute of Technology, Hoboken
- Tri-State University, Angola (no longer active)
- University of Dayton, Dayton
- University of Kansas, Lawrence
- University of Massachusetts, Amherst
- University of Pittsburgh, Pittsburgh
- University of Tennesse, Knoxville

The following pages list the locations of firms served by the EADC project to date. It is estimated that 1,080 specific recommendations have been implemented by these firms, and are now saving about eight trillion Btu's per year.

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS

ALABAMA

AVONDALE MILLS/FINISHING, SYLACAUGA
CONOLIDATED PUBLISHING, ANNISTON
DESOTO FALLS SPINNERS, VALLEY HEAD
DIXIE PACIFIC, GADSDEN
DONOHO CLAY CO., ANNISTON
JONES SAWMILL, GADSDEN
LEACH MFG., GADSDEN
M & H VALVE CO., ANNISTON

ARKANSAS

CELOTEX CORP., CAMDEN
COOPER INDUSTRIAL PRODUCTS, EL DORADO
FIBER RESOURCES, PINE BLUFF

COLORADO

A.R. WILFLEY, DENVER
AGLAND, INC., EATON
AMF HEAD, BOULDER
BALL ELECTRONIC SYSTEMS DIVISION, BOULDER
BAND-IT - HOUDAILLE, DENVER
BAR-S FOODS, DENVER
BEECH AIRCRAFT, BOULDER
BOULDER DAILY CAMERA, BOULDER
CARNATION, INC., FORT LUPTON
CLALITE INC., DENVER
COLORADO CRYSTAL, LOVELAND
CONTINENTAL MANUFACTURING, LOVELAND
DATA DOCUMENTS, INC., DENVER
ENGINEERING MEASUREMENTS, LONGMONT
EVERSMAN MANUFACTURING, DENVER
FORT COLLINS COLORADO, FORT COLLINS
FRITO-LAY INC., DENVER
GENERAL GLASS, DENVER
GOLD STAR SAUSAGE, DENVER
GREELEY TRIBUNE, GREELEY
HACH CHEMICAL INC., LOVELAND
HEATH ENGINEERING, FORT COLLINS
HENDERSON MILL, PARSHALL
HESCO MAUFACTURING, GREELEY
HOOVER UNIVERSAL, INC., DENVER
HYDRAULICS UNLIMITED, EATON
JACKSON'S ICE CREAM, DENVER
KLOPPENBERG INC., DENVER
KONAC PAINT, DENVER
KOPPERS INC., DENVER
KRYPTONICS INC., BOULDER
KWAL MANUFACTURING, DENVER
LAWELL PAUL DAIRY, GREELEY

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

COLORADO (CONTINUED)

LOWREY'S INC., DENVER
MEADOW GOLD DAIRY, GREELEY
MILE HIGH EQUIPMENT CO., DENVER
MONFORT OF COLORADO, GREELEY
MBI, BOULDER
NOFFSINGER, INC., GREELEY
PHILLIPS PLASTIC CORP., BOULDER
PLASTICRAFTS INC., DENVER
PLASTICS DESIGN AND MANUFACTURING, DENVER
POUDRE VALLEY CREAMERY, FORT COLLINS
REDMAN HOMES, LOVELAND
ROCKY MOUNTAIN ORTHODONTICS, DENVER
RUTLEDGE STEEL COMPANY, LOVELAND
SIEMENS INC., BROOMFIELD
STAODYNAMICS, INC., LONGMONT
SUNDSTRAND INC., ARVADA
SYENTEX CHEMICAL, BOULDER
TECHNOLOGY PRODUCTS, LONGMONT
TECNETICS, BOULDER
WATTS-HARDY DAIRY, BOULDER
WRIGHT AND MCGILL CO., DENVER
WYNN'S AUTOMOTIVE, LONGMONT

CONNECTICUT

CHROMALLOY INC., MANCHESTER
ENFLO CORP., BRISTOL
HICKES & OTIS PRINTS INC., NORWALK
HOOD ICE CREAM, SUFFIELD
KANTHAL CORP, BETHEL
MONGOMERY COMPANY, WINDSOR LOCKS

GEORGIA

AAA ICE CO., EAST POINT
ADBAC/WHITECREST CARPETS, DALTON
ADCOR ELECTRONICS, ATLANTA
ADDISON CORP., ATLANTA
ADDISON CORP., AUGUSTA
ADVANCE GLOVE MFG. CO., ROBERTA
AJAY CHEMICALS, POWDER SPRINGS
ALCHEM PLASTICS, ATLANTA
ALL-PACK, ATLANTA
ALLATOONA DYE/BARNETTE SOUTHERN, CARTERSVILLE
ALTON BOX BOARD CO., CEDARTOWN
ALTON BOX BOARD CO./PAPERBOARD, CEDARTOWN
AMERICAN CAN CO., NEWNAN
AMERICAN MILLS, JACKSON
AMES CO., GAINESVILLE
ANITOX, BUFORD

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

GEORGIA (CONTINUED)

APOLLO FOREST PRODUCTS, UNION CITY
ARCHITECTURAL MFG. CO. OF AMERICA, ATLANTA
ARROW CO., CEDARTOWN
ASSOCIATED RUBBER CO., TALLAPOOSA
ATLANTA BRICK AND TILE, ATLANTA
ATLANTA PARAGON PAKAGING, ATLANTA
ATLANTA STOVE WORKS, ATLANTA
AUGUSTA FOUNDRY, AUGUSTA
B & B MFG. CO., WASHINGTON
BANDAG, GRIFFIN
BARRET CARPETS, DALTON
BASSET FRUNITURE INC. OF N.C., DUBLIN
BASSET FRURNITURE IND. OF N.C., MACON
BEAULIEU OF AMERICA/PLANT #1, DALTON
BEAULIEU OF AMERICA/PLANT #2, DALTON
BECK/ATLANTA, ATLANTA
BENCHMARK CARPET MILLS, CARTERSVILLE
BERKELY PUMP CO., ATLANTA
BERNATH BARREL AND DRUM, MABLETON
BIBB CO./BELLEVUE PLANT, MACON
BRADLEY PLYWOOD CORP., SAVANNAH
BRIGG'S OF ATLANTA, ATLANTA
BROCK & BLEVINS, ROSSVILLE
BROWN BOX, ATLANTA
BRW INDUSTRIES, SYLVESTER
BURLINGTON IND./PINETREE PLANT, DAHLONEGA
C & D BATTERY, CONYERS
C. R. BARD, COVINGTON
CANDLEWICK YARNS/DIV. DIXIE YARNS, DALTON
CANVAS PRODUCTS OF GEORGIA, AUGUSTA
CARNATION/MILLING DIV., CHAMBLEE
CARRIAGE CARPET MILL, CALHOUN
CARTERSVILLE SPINNING, CARTERSVILLE
CARTERSVILLE SPINNING, COLUMBUS
CARWOOD MFG./PLANT 2, MONROE
CARWOOD MFG./PLANT 3, MONROE
CASE-HOYT, ATLANTA
CENTRAL SOYA OF ATHENS, ATHENS
CERTAIN-TEED CORP., SOCIAL CIRCLE
CHEMICAL PRODUCTS, CARTERSVILLE
CHEROKEE BRICK & TILE CO, MACON
CLARKESVILLE WEAVING, CLARKESVILLE
COLLINS & AIKMAN/CARPET DIV., DALTON
COLORMASTERS (PLANT #1), CALHOUN
COLORMASTERS (PLANT #2), CALHOUN
CONTINENTAL FOREST IND./CORRUGATED, ATLANTA
COOK AND INGLE CO., DALTON
CORONET CARPET, GAINESVILLE
COUNTRY PRIDE FOODS, GAINESVILLE
COVINGTON HOLDING, COVINGTON

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

GEORGIA (CONTINUED)

COX FOUNDRY & MACHINE CO., ATLANTA
CRAIN SOUTHERN, NEWNAN
CROWN CRAFTS, CALHOUN
CRYSTAL FARMS, CHESNUT MOUNTN
CUMBERLAND, CALHOUN
CURRY BROTHERS, ATLANTA
CUTLER HAMMER, DORAVILLE
D & J MANUFACTURERS CO., ROME
DAIRY PAK, ATHENS
DAN RIVER CARPETS, WHITE
DIAGO MEXICAN FOODS, GAINESVILLE
DIAMOND CARPET & RUG MILLS, ETON
DIXIE INDUSTRIAL FINISHING CO., ATLANTA
DONALD MACMILLION & SON, MACON
DORSY TRAILERS, GRIFFIN
DOUGLAS AND LOMASON, CARROLLTON
DYNA, U. S. A., MACON
E. V. CAMP, ATLANTA
EGGO FROZEN FOODS, ATLANTA
ERB PLASTICS, WOODSTOCK
ETHICON, CORNELIA
ETHYL CORP./VISQUEEN DIV., LAGRANGE
FAIRCHILD PRECISION PARTS, COLUMBUS
FASSON, PEACHTREE CITY
FIVERGLASS FABRICATORS, DECATUR
FLAV-O-RICH, COLUMBUS
FLOWERS BAKING CO., THOMASVILLE
GALAXY, FT. OGLETHORPE
GEORGE MEYER, SWAINSBORO
GEORGIA ART LIGHTING DESIGNS, LAWRENCEVILLE
GEORGIA BOOT MFG. CO., BLAIRSVILLE
GEORGIA DUCK, SCOTTDALE
GEORGIA KRAFT CO., ROME
GEORGIA MAID, WINDER
GEORGIA SANITARY POTTERY, ATLANTA
GLIDDEN COATING & RESINS, ATLANTA
GOLDEN STATE FOODS, CONYERS
GREEN A.P. REFRACTORIES (STEVENS), MACON
GRIFFITH LABORATORIES, LITHONIA
HAMPTON MILLS, ELLIJAY
HANES HOSIERY, LAGRANGE
HANOVER WIRE CLOTH, COVINGTON
HARRIS CALORIFIC, GAINESVILLE
HARRIS LUMBER CO., BALL GROUND
HARTWELL MILLS, HARTWELL
HI BRAND FOODS, PEACHTREE CITY
HORTON HOMES, EATONTON
HOWARD LUMBER KILN CO., SMYRNA
HOYNE INDUSTRIES, MCDONOUGH
HUMPHRIES CONCRETE BLOCK CO., DORAVILLE

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

GEORGIA (CONTINUED)

HUTTING SASH & DOOR, ATLANTA
HYDRECO, AUGUSTA
INSTANT FURNITURE, ATLANTA
INTERFACE FLOORING/ CARPETS INT'L., LAGRANGE
INTERNATIONAL PAPER CO., EAST POINT
IPD PRINTING & DISTRIBUTING, CHAMBLEE
J & B SMITH CO., ATLANTA
J & J CARPET, DALTON
J. N. FILBERT, ATLANTA
J. P. STEVENS & CO., LOUISVILLE
J.H. BLOCK & CO., DALLAS
J.H. WILLIAMS INDUSTRIAL PROD., COLUMBUS
KAYDON CORP./KEENE, LAGRANGE
KINGERY CONCRETE BLOCK CO, AUSTELL
KINK HEAD INC., ATLANTA
LARKIN COIL, ATLANTA
LAWLER HOISERY, CARROLLTON
LEE CYLINDERS, CEDARTOWN
LEGGETT & PLATT, SOCIAL CIRCLE
LITHONIA LIGHTING, COCHRAN
LYNDAL CHEMICAL, DALTON
MACON PRESTRESSED CONCRETE CO., JONESBORO
MARTIN SPROCKET & GEARS, ATLANTA
MARVAIR, CORDELE
MARYON MILLS, CARROLLTON
MEAD CORP./MEAD CHEMICAL, ATLANTA
MEAD CORP./PAPER BOARD PROD., MACON
MF & H TEXTILES, BUTLER
MOUCHET CORP., GRIFFIN
MOULTRIE MFG. CO., MOULTRIE
MURPHY & ORR CO., FOREST PARK
MUSCOGEE IRON WORKS, COLUMBUS
NATIONAL EGG PRODUCTS, SOCIAL CIRCLE
NATIONAL SMELTING & REFINING CO., ATLANTA
NEEDLECRAFT CORP. OF AMERICA, DALTON
NEEDLECRAFT CORP. OF AMERICA, LAFAYETTE
NORMAN W. PASCHALL, PEACHTREE CITY
NYLCO CORP., NEWNAN
OPELIKA MFG. CORP., HAWKINSVILLE
OUTDOOR DISPLAYS, AUGUSTA
OWENBY MFG. CO./IVY LOG, BLAIRSVILLE
OWENS-ILLINOIS FOREST PRODUCTS DIV., ATLANTA
PACKAGING CORP. OF AMERICA, MACON
PAK-IT MFG. CO., NORCROSS
PAPERCON, ATLANTA
PATCRAFT MILLS, DALTON
PERSONALITY HOMES, MARIETTA
PET, WASHINGTON
PICKENS FOOTWEAR, JASPER
PICKENS FOOTWEAR CO., JASPER

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

GEORGIA (CONTINUED)

PLASTECH CORP., ATLANTA
PLASTIC PACKAGING, ATLANTA
PLASTIC PACKAGING, NORCROSS
PLICON/COLUMBUS PACKAGING CORP., COLUMBUS
POLY-PAC, DALTON
POMONA PRODUCT CO., GRIFFIN
PQ CORP., AUGUSTA
PRAGER BRUSH CO., ATLANTA
PRECISION FILM EXTRUDERS, DALTON
PRECISION PAINT CORP., ATLANTA
PRESTIGE FINISHING, CHATSWORTH
PRINTED FABRICS CORP., CARROLLTON
PROCESS CONTROL CORP., ATLANTA
PRODUCTION PLATING CO., ADEL
PROTIEN FOODS, GAINESVILLE
PSM/DIV. OF OWENBY MFG. CO., BLAIRSVILLE
QUALCO CASTINGS, ACWORTH
QUALITY FINISHERS, CALHOUN
QUALITY FURNITURE CO., TALLAPOOSA
QUALITY PARK PRODUCTS, ATLANTA
QUEEN CARPET, DALTON
RANDALL BROTHERS, ATLANTA
RANGER RUG, ADAIRSVILLE
REED INDUSTRIES, STONE MOUNTAIN
REEVES BROS, EASTMAN
REICHOLD CHEMICALS, KENSINGTON
REICEL, NEWNAN
ROGERS CORP., LITHONIA
RONTHOR PLASTICS, SOCIAL CIRCLE
ROPER PUMP CO., COMMERCE
ROSSVILLE MILLS, ROSSVILLE
ROYAL CROWN BOTTLING CO., TIFTON
ROYAL MOLDED PRODUCTS, NEWNAN
SALEM, CALHOUN
SANGAMO WESTON, CLAYTON
SCOTT BEDDING CO., AMERICUS
SHAW INDUSTRIES/ #3, DALTON
SHAW INDUSTRIES/ #4, DALTON
SIGNAL KNITTING MILL, GRIFFIN
SIGNAL KNITTING MILLS, LAGRANGE
SIMMONS, MCDONOUGH
SIMMONS CO., ATLANTA
SONOCO PRODUCTS CO,/BOLTON, ATLANTA
SOUTHEASTERN TEXTILE SHRINKERS, ATLANTA
SOUTHERN BINDERS, DALTON
SOUTHERN DOOR LITE CO., ATLANTA
SOUTHERN FOODS, COLUMBUS
SOUTHERN YARN DYERS, CARTERSVILLE
SPRING CITY KNITTING, CARTERSVILLE
ST. JOE PAPER CO., ATLANTA

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

GEORGIA (CONTINUED)

ST. REGIS PAPER CO./ALLIED PROD., LUMPKIN
STATTON INDUSTRIES, CARTERSVILLE
STEPHENSON & LAWYER, DALTON
STOWE WOODWARD, GRIFFIN
SUNBRAND, ATLANTA
SWEETHEART PLASTICS, CONYERS
T & S HARDWOODS, MILLEDGEVILLE
TALMADGE FARMS, LOVEJOY
TAPPAN CO., DALTON
TDK ELECTRONICS CORP., PEACHTREE CITY
TERRA MILLS CO., LAWRENCEVILLE
TEXPRINT, MACON
TEXPRINT, MACON
TEXTILE RUBBER CO., BOWDON
TEXTURE TEX, DALTON
THE ADDISON CORP., ATLANTA
THE HON COMPANY, CEDARTOWN
THOMAS PACKING CO., GRIFFIN
THOMPSON INDUSTRIES, STONE MOUNTAIN
TORRINGTON, DAHLONEGA
TRAMMELL HARDWARE FLOORING CO., LAGRANGE
TRIAD YARN DYEING, CALHOUN
TRIMLINE SALES CO., MARIETTA
TRINTEX, BOWDON
TRIO MFG. CO., FORSYTH
U. S. ENVELOPE, DORAVILLE
UNADILLA MFG., UNADILLA
UNION OIL OF CLIFORNIA, SAVANNAH
UNION TIMBER CORP., HOMERVILLE
UNITED AMERICAN CAR CO., CARTERSVILLE
VERNAY MFG., GRIFFIN
VINTAGE HOMES, GAINESVILLE
WAHADKEE YARN MILLS, TALLADEGA
WAYNE POULTRY, PENDERGRASS
WEST POINT PEPPERELL, MILLEDGEVILLE
WEST POINT PEPPERELL, NEWNAN
WESTVACO PAPER CORP., COLUMBUS
WEYERHAUSER CO., ADEL
WHEELERS MFG. CO., MACON
WHITECREST CARPET/TUFTING, DALTON
WHITEHEAD DIE CASTING CO., ATLANTA
WILLIAM HOBBS LTD, ATLANTA
WILLIAMS BROTHERS LUMBER, ATLANTA
WILLIAMS PRINTING, ATLANTA
WILSON DIV. OF AHP, COLUMBUS
WINSMITH, FLOWERY BRANCH
WM. BARNETT & SON/MEADOWS DIV., MILLEDGEVILLE
WOMETCO VENDING CO., TRION
WOOD GRAIN PRODUCTS, AMERICUS
YAMAHA MUSIC, THOMASTON

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

GEORGIA (CONTINUED)

YATES BLEACHERY, FLINTSTONE

INDIANA

GCI, INC., FORT WAYNE
HARTER CORP., MIDDLEBURY
KUNKLE VALUE CO., FORT WAYNE
LINCOLN MANUFACTURING, FORT WAYNE
MESSENGER, AUBURN
METAL SPINNERS, ANGOLA
PROCOM, RICHMOND
RIEKE CORP., AUBURN
SCOTFOAM CORP., FORT WAYNE
STACO TRANSFORMER, RICHMOND
WAYNE CANDIES, FORT WAYNE
WESTERN RUBBER CO., GOSHEN

KANSAS

ACME PLATING INC., KANSAS CITY
ACME PRINTING INK CO., KANSAS CITY
ADAMS BUSINESS FORMS, TOPEKA
AEROQUIP, LAWRENCE
ALL STAR DAIRY, LAWRENCE
ALLEN PRESS, LAWRENCE
ALLIED MOLDING, GARDNER
ALLIS CHALMERS CORP., TOPEKA
AMDEVCO PAKAGING FILMS, INC., EDWARDSVILLE
AMERICAN BEAUTY MACARONI, KANSAS CITY
AMERICAN BINDERY, TOPEKA
AMERICAN LAMINATES, INC., KANSAS CITY
AMERICAN WALNUT CO., KANSAS CITY
ARMCO, TOPEKA
ARTEX MANUFACTURING, OVERLAND PARK
ATCHISON LEATHER PRODUCTS CO., ATCHISON
BARD BIOMEDICAL, LAWRENCE
BEN FRANKLIN, LAWRENCE
BOISE CASCADE, EDWARDSVILLE
BRANDED EMBLEM CO., INC., OVERLAND PARK
BREDDO FOOD PRODUCTS, KANSAS CITY
BROWN CARGO VAN CO., LAWRENCE
BURKE, INC., KANSAS CITY
BURLINGAME MFG. CO., BURLINGAME
C. TENNANT & SONS, EDWARDSVILLE
CAPITOL CONCRETE, TOPEKA
CAPTAINER PLASTICS, N. KANSAS CITY
CARNATION MILLING, KANSAS CITY
CARSON, BURGER & WEEKLY, LAWRENCE
CENTURY HULBERT, KANSAS CITY
CENTURY WOOD PRODUCTS, OLATHE

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

KANSAS (CONTINUED)

CHAMP SERVICE LINE, EDWARDSVILLE
CHLORIDE INDUSTRIAL BATTERIES, KANSAS CITY
CIRTECH CORP., STANLEY
COCA COLA BOTTLING CO., LENEXA
COMMODORE HOME SYSTEMS, INC., OTTAWA
CONMACO INC., KANSAS CITY
CONTINENTAL PLASTIC CONT., LENEXA
CONTOUR PACKAGING, LENEXA
COOKBOOK PUBLICATIONS INC., LENEXA
CORTLAND CONTAINERS, KANSAS CITY
CRAMER INC., KANSAS CITY
CRAMER PRODUCTS, GARDNER
CURTISS 1000, INC., LAWRENCE
CUTLER REPAVING, INC., LAWRENCE
DATA DOCUMENTS INC., LENEXA
DAZEY PRODUCTS, OLATHE
DELUXE CHECK, LENEXA
DOT MANUFACTURING, GARDNER
DOUGLAS INDUSTRIES, LENEXA
E. E. SPECIALTIES, LAWRENCE
ECONO CLAD, TOPEKA
ELECTRO DYNAMICS, OVERLAND PARK
ELECTRONIC CRYSTALS CORP. OF MISSRI, KANSAS CITY
FARMLAND INDUSTRIES, KANSAS CITY
FOWLER ENVELOPE CO., KANSAS CITY
FRANK PURCELL WALNUT LUMBER CO., KANSAS CITY
FRITO LAY CO., TOPEKA
G S INDUSTRIES, KANSAS CITY
GENERAL PRINTING, TOPEKA
GHA LOCK JOINT PIPE, KANSAS CITY
GOLDBLATT TOOL CO., KANSAS CITY
GOULD INC., LEAVENWORTH
GREAT WESTERN MFG CO., INC., LEAVENWORTH
GRINDSTED PRODUCTS, OLATHE
GULF & WESTERN TRUCK DIV., OTTAWA
H D LEE CO., OTTAWA
HANKAMER CONCRETE, TOPEKA
HARLAN CORP., KANSAS CITY
HAVENS STEEL CO., OTTAWA
HILINE PLASTICS, OLATHE
HILL'S PET PRODUCTS, INC., TOPEKA
HISONC INC., OLATHE
HOBART CORP., KANSAS CITY
HOOVER UNIVERSAL, LENEXA
HYDRA TOOL, TOPEKA
INLAND CONTAINER CORP., KANSAS CITY
INTERCOLLEGIATE PRESS, MISSION
INTERNATIONAL PAPER CO., KANSAS CITY
INTERSTATE BOOK MFG., OLATHE
K. C. COATINGS, LENEXA

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

KANSAS (CONTINUED)

KANSAS PUBLISHING CO., KANSAS CITY
KANTRONICS, LAWRENCE
KING RADIO, LAWRENCE
KING RADIO, OTTAWA
KING RADIO, PAOLA
KUHLMAN DIE CASTING CO., STANLEY
LAWRENCE JOURNAL WORLD, LAWRENCE
LAWRENCE LAUNDRY, LAWRENCE
LAWRENCE READY MIX, LAWRENCE
LINCOLN GRAIN, ATCHISON
LISTER DIESELS INC., OLATHE
LOCTITE AUTOMOTIVE & CONSUMERS GRP. KANSAS CITY
LONE STAR INDUSTRIES, BONNER SPRINGS
LOUISBURG CIDER MILL, PAOLA
MARLEY COOLING TOWERS, OLATHE
MERRITT FOODS CO., KANSAS CITY
MIDWEST CHANDLIER CO., KANSAS CITY
MIDWEST CONVEYOR, KANSAS CITY
MINER CONTAINER PRINTING, LENEXA
MISSOURI VALLEY FABRICATORS, INC., LEAVENWORTH
MORGAN DISTRIBUTION INC., LENEXA
NATIONAL FIRE SPRINKLER CORP., KANSAS CITY
OHSE MEAT PRODUCTS INC., TOPEKA
OLDHAM'S FARM SAUSAGE, HOLTON
OLIN WATER SERVICES, KANSAS CITY
ORTHOPEDIC CASTING LAB, LAWRENCE
OSAGE PRODUCTS CO., OSAGE CITY
PACKAGING CORP. OF AMERICA, KANSAS CITY
PACKER PLASTICS, LAWRENCE
PANIPLUS CO., OLATHE
PARMELEE PRODUCTS INC., OTTAWA
PETERSON MACHINE TOOLS, MERRIAM
PLATTNER INDUSTRIES, OTTAWA
PURITAN EQUIPMENT CO., LENEXA
QUAKER OATS, LAWRENCE
R C SPORTS INC., OLATHE
R. O. CORP., OLATHE
RAMSEY PRINTING CO., OTTAWA
REUTER PIPE ORGAN, LAWRENCE
RIGID FORM INC., RICHMOND
RIMPULL CORP., OLATHE
ROBBIE MFG. INC., LENEXA
S O R, OLATHE
SAFEWAY BAKERY, KANSAS CITY
SAUNDERS MFG. CO., ATCHISON
SEABOARD ALLIED MILLING, TOPEKA
SEALRIGHT CO., KANSAS CITY
SEALY MATTRESS CO., KANSAS CITY
SELECT PRODUCTS CO., LEAVENWORTH
SEWELL PLASTICS INC., KANSAS CITY

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

KANSAS (CONTINUED)

SHASTA BEVERAGES, LENEXA
SIMMONS U.S.A., KANSAS CITY
SIMON-JOHNSON, KANSAS CITY
SMITH & LOVELESS, LENEXA
SMOOT CO., KANSAS CITY
SOUTHWEST FOREST INDUSTRIES, KANSAS CITY
SOUTHWEST ORNAMENTAL IRON, BONNER SPRINGS
SPAN GLER PRINTERS INC., KANSAS CITY
SPECIAL-T-METALS CO, LENEXA
STORKELY VAN CAMP, LAWRENCE
STRONGHEART PRODUCTS, KANSAS CITY
SUNSET PLASTIC PROD., LENEXA
SWINGSTER CO., SHAWNEE MISSION
TAYLOR FORGE, PAOLA
TOPEKA CAPITAL JOURNAL, TOPEKA
TOPEKA METAL SPECIALTIES, TOPEKA
TRICO INDUSTRIES, KANSAS CITY
TRW INC., LAWRENCE
TWIN CITY TOOL, OLATHE
VILE-GOLLER, KANSAS CITY
WARD PAPER BOX, KANSAS CITY
WARNER MANUFACTURING CO, GARNETT
WELLCOME ANIMAL HEALTH DIV., KANSAS CITY
WESTVACO CORP., KANSAS CITY
WHELANS INC., TOPEKA
WILCH MFG. INC., TOPEKA
WOODLAND HEALTH CTR., TOPEKA
ZARDA BROS. DAIRY, SHAWNEE MISSION

KENTUCKY

CUMBERLAND WOOD AND CHAIR, SOMERSET
LION UNIFORM, INC., WILLIAMSBURG
MIDDLESBORO TANNING, MIDDLESBORO
PERMA-PIPE CORPORATION, MIDDLESBORO
WESTINGHOUSE ELECTRIC, LONDON

LOUISIANA

ADAMS INDUSTRIES, MONROE
AFCO INDUSTRIES, ALEXANDRIA
ALLOY PIPING PRODUCTS, SHREVEPORT
AMCAST INDUSTRIAL CORPORATION, COLUMBIA
BAKER WOOD PRODUCTS COMPANY, PINEVILLE
BANCROFT BAG, WEST MONROE
BINGHAM-WILLIAMETTE, SHREVEPORT
BOISE CASCADE, FISHER
BOISE CASCADE, FLORIEN
BOISE CASCADE, OAKDALE
BUNKIE WOOD PRODUCTS COMPANY, BUNKIE

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

LOUISIANA (CONTINUED)

CBS TOYS, BOSSIER CITY
COTTON BAKERY, MONROE
EDMONT CORPORTAION, HAYNESVILLE
ENGINEERED PRODUCTS, BOSSIER CITY
ERCO INDUSTRIES, MONROE
FOREMOST DAIRIES, SHREVEPORT
HAUSER FOUNDRY, SHREVEPORT
HUNT PLYWOOD, POLLOCK
JOY MANUFACTURING COMPANY, SHREVEPORT
KAST METALS CORPORATION, SHREVEPORT
LAFITTE ALUMINUM WORKS, SHREVEPORT
LENNOX INDUSTRIES, BOSSIER CITY
LOUISIANA IND. SAND CO., DUBBERLY
LOUISIANA PACIFIC CORP., SIMSBORO
LOUISIANA VENEER CO., INC., CHATHAM
MID-STATES WOOD PRESERVERS, SIMSBORO
MISCO, INC., MONROE
NELSON LUMBER CO., WEST MONROE
OWENS-ILLINOIS, MINDEN
RIEGEL BY-PRODUCTS, SHREVEPORT
SOUTHERN TOOL COMPANY, WEST MONROE
STEEL FORGINGS, SHREVEPORT
SUNBEAM APPLIANCE COMPANY, COUSHATTA
THE FRYMASTER CORPORATION, SHREVEPORT
THE UNION OIL MILL, INC., WEST MONROE
TIDECRAFT, INC., MINDEN
UNAFORM, SHREVEPORT
WINNFIELD VENEER, WINNFIELD

MASSACHUSETTS

ATLAS FOUNDERS INC., AGAWAM
BAYSTATE CAST PRODUCTS, SPRINGFIELD
BUTCHER POLISH INC., MARLBOROUGH
CONCORD WIRE CO. INC., WORCESTER
ELECTRONIC COILS, INC., SPRINGFIELD
HARDINGE INDUSTRIES, SOUTH DEERFIELD
HOLDEN PLASTICS, WORCESTER
INTERNATIONAL ICE CREAM, BOSTON
L & J OF NEW ENGLAND INC., WORCESTER
LOWELL CORPORATION, WORCESTER
MERRIMAC PAPER CO., LAWRENCE
MODERN MANUFACTURING, INC., WORCESTER
NEW ENGLAND COUNTRY DIARY, GREENFIELD
ORANGE CAST PRODUCTS, ORANGE
PACKAGING CORPORATION OF AMERICA, NORTHAMPTON
POLY METAL FINISHING, SPRINGFIELD
RATHBONE CORP., PALMER
SPRINGFIELD WIRE, SPRINGFIELD
STANDARD FOUNDRY CO., INC., WORCESTER

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

MASSACHUSETTS (CONTINUED)

STORMS FORGE DIVISION, SPRINGFIELD
TELECHRON INC., ASHLAND
THE PRESMET CORPORATION, WORCESTER
TURNER MANUFACTURING CORP., LEOMINSTER
UNIVERSAL PLASTICS CORPORATION, CHICOPEE

MARYLAND

LAUREL CONCRETE PRODUCTS, LAUREL

MAINE

NACHI BEARING CORPORATION, SOUTH PORTLAND

MICHIGAN

OWENS-ILLINOIS, INC., CONSTANTINE
STURGIS FOUNDRY, STURGIS
VACO PRODUCTS, JONESVILLE

MISSOURI

AMERICAN BAKERIES, N. KANSAS CITY
BRUNSON INSTRUMENTS, KANSAS CITY
BUTLER MFG. CO., KANSAS CITY
CLARK PRINTING, N. KANSAS CITY
DAVIS PAINT, KANSAS CITY
DEVINE LIGHTING, KANSAS CITY
FABRIC QUILT, INC., N. KANSAS CITY
FARMLAND INDUSTRIES, N. KANSAS CITY
GENERAL MILLS INC., KANSAS CITY
HAVENS STEEL CO., KANSAS CITY
MELBANK MFG. CO., KANSAS CITY
MIDLAND LITHOGRAPHIC, N. KANSAS CITY
MATINAL ALUMIUM BRASS FOUNDRY, INDEPENDENCE
NATIONAL FOLDING CARTON CO., N. KANSAS CITY
PARMELEE PRODUCTS INC., KANSAS CITY
PERCY KENT BAG CO., KANSAS CITY
PRIER BRASS MFG. CO., KANSAS CITY
QUALITY WOOD PRODUCTS, KANSAS CITY
TEMPMASTER CORP., N. KANSAS CITY
UNION CARBIDE CORP., N. KANSAS CITY
WILLIAMS MEAT CO., KANSAS CITY

MISSISSIPPI

COMET DELTA, INC., GREENVILLE
NICHOLSON - THE COOPER GROUP, GREENVILLE
SCIENTIFIC PLASTICS, JACKSON

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

NORTH CAROLINA

ADAMS MILLS CORP., HIGH POINT
ALDERMAN CO., HIGH POINT
BASICKSACK DIVISION, WINSTON-SALEM
DESOTO, GREENSBORO
FLEXLON FABRICS, HAW RIVER
INDUSTRIES OF THE BLIND, GREENSBORO
JBA INDUSTRIES, ASHEBORO
LIN PAC CORUGATED, GREENSBORO
MORFLEX CHEMICAL CO.,, GREENSBORO
RICHARDSON VICKS, INC., GREENSBORO
SHERWIN WILLIAMS CO., GREENSBORO
SOUTHERN PLASTIC ENGINEERING, GREENSBORO
SPRAY COTTON MILLS, EDEN
SQUIBB CORP., GREENSBORO
TOMLINSON OF HIGH POINT, HIGH POINT

NEW HAMPSHIRE

BRIDGEPORT METAL GOODS, HINSDALE
CONCORD LABORATORIES, INC., KEENE
DORR WOLLEN, GUILD
FERROFLUIDICS, NASHUA
GOLD BOND BUILDING PRODUCTS, MANCHESTER
HERMSDORF PLASTICS, MANCHESTER
INTERNATIONAL PAPER, MANCHESTER

NEW JERSEY

ACME-GEAR COMPANY, INC., ENGLEWOOD
ALCAN POWDERS AND CHEMICALS, UNION
ALLSTATE LEGAL, CRANFORD
ATLANTIC MANUFACTURING CO., IRVINGTON
BEHRIGER METAL WORKS, NEWARK
BELL-MARK CORP., EAST ORANGE
BERGEN CABLE CO.,, LODI
BLACK PRINCE, CLIFTON
BONNETT, INC., NEWARK
BUHL INDUSTRIES, INC., HAWTHORNE
BUIE STEEL CORP., HILLSIDE
CARDINAL GLOVE, CLIFTON
CERAMIC MAGNETICS, FAIRFIELD
COMMERCE CLEARING HOUSE, CLARK
E.C.D., INC., HILLSIDE
EMAK MANUFACTURING CO., BELLEVILLE
GLASS FLEX, INC., STERLING
GROOV-PIN CORP., RIDGEFIELD
JERSEY CITY WELDING, JERSEY CITY
KALIPHARMA, INC., ELIZABETH
KRAFTWARE CORP., JERSEY CITY
LITHOCRAFT, CARLSTADT

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

NEW JERSEY (CONTINUED)

MAJESTIC INDUSTRIES, INC., TETERBORO
MARSON CORP., RAHWAY
MICOR STAMPING CORP., MAPLEWOOD
MID ATLANTIC CONTAINER CORP., LINDEN
MORTON/CHEMPLAST, WAYNE
NVP, ELIZABETH
PFISTER CHEMICAL, INC., RIDGEFIELD
PICTORIAL OFFSET CORP., CARLSTADT
PIONEER, CARLSTADT
POLYCAST TECHNOLOGY CORP., HACKENSACK
PROLL MOLDING CO., BROOMFIELD
RICHARDS, INC., WEST CALDWELL
STACOR, NEWARD
STAR GLO, EAST RUTHERFORD
THE NEWSPRINTING CO., PATTERSON
THUL MACHINE WORKS, PLAINFIELD
TITANIUM, FAIRFIELD
TRANS WORLD MANUFACTURING, EAST RUTHERFORD
TROY CHEMICAL, NEWARK
V-M INDUSTRIES, NEWARK

NEW YORK

JAKSON INC., YONKERS
NATIONAL FABRICATORS, YONKERS
SAXTON WIRE & CABLE, CONGERS
SERVICE MANUFACTURING, INC., HASTINGS ON HUDSON
WARD LEONARD ELECTRIC CO., MOUNT VERNON

OHIO

AEROVENT, PIQUA
AIRSTREAM, JACKSON CENTER
AKERS PACKAGING SERVICE, MIDDLETOWN
AKRON PORCELAIN & PLASTICS, AKRON
ALLIED MOLDED PRODUCTS, BRYAN
ALLIS-CHALMERS, CINCINNATI
AMERICAN CARGO, DAYTON
AMERICAN LUBRICANTS CO., DAYTON
AMOLE, INC., DAYTON
AMOS PRESS, SIDNEY
ANGELL MANUFACTURING CO., DAYTON
APEX MACHINE & TOOL, DAYTON
APS-MATERIALS, DAYTON
ARCAIR, LANCASTER
B. F. GOODRICH, MASON
BASIC ALUMINUM, CLEVELAND
BETLIN MFG., COLUMBUS
BIG BEAR BAKERY, COLUMBUS
BIMAC, DAYTON

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

OHIO (CONTINUED)

BLACK-CLAWSON, MIDDLETOWN
BLUE BIRD BAKING, DAYTON
BRINKMAN TOOL & DIE, DAYTON
BUCKEYE BOILER, DAYTON
C. H. PAULA CO., CINCINNATI
C. W. ZUMBIEL, DAYTON
CARGILL, DAYTON
CARNATION MILLING DIV, CIRCLEVILLE
CENTRAL BRASS, CLEVELAND
CENTRAL PRINTING, DAYTON
CENTURY ELECTRIC MOTOR, GETTYSBURG
CHAMION INT'L, MIDDLETOWN
CHAMPION CO., SPRINGFIELD
CHEMINEER, DAYTON
CHRIS ERHART FOUNDRY, CINCINNATI
CLOPLAY, RUSSIA
COCA-COLA BOTTLING, COLUMBUS
COLAMCO, COLUMBUS
COLORPAC, FRANKLIN
COLUMBUS SHOWCASE, COLUMBUS
COLUMBUS STEEL DRUM, COLUMBUS
CONSOLIDATED CERAMIC PRODUCTS, BLANCHESTER
CONTAINER CORP OF AMERICAN, CINCINNATI
COPCO PAPERS, COLUMBUS
COTT CORP, COLUMBUS
CRANE PLASTICS, COLUMBUS
CVI, COLUMBUS
D & H MANUFACTURERS, SPRINGFIELD
D. L. AULD, COLUMBUS
DAP INC., DAYTON
DAP INC., TIPP CITY
DAY MIXING/TAYLOR, CINCINNATI
DAYTON BAG AND BURLAP CO., DAYTON
DAYTON FORGING & HEAT TREATING, DAYTON
DAYTON PLASTICS, DAYTON
DAYTON PROGRESS CORP., DAYTON
DAYTON RUST PROOF, DAYTON
DAYTON SURE-GRIP AND SHORE CO., MIAMISBURG
DEUER MFG, DAYTON
DIGITRON TOOL, MIAMISBURG
DINCO-GRAY CO., CENTERVILLE
DYNA-CON PACKAGING, HAMILTON
EBCO MFG., COLUMBUS
ELANC CORP, XENIA
EMERSON ELECTRIC/FUSITE DIV., CINCINNATI
ENERFAB CORP., CINCINNATI
ENMCO, DAYTON
ESCHER WYSS MANCHESTER, MIDDLETOWN
ESTHER PRICE CANDIES, DAYTON
F. H. LAWSON, CINCINNATI

COMPANIES WHICH HAVE HAD IP SPONSORED BASIC ENERGY AUDITS (CONTINUED)

OHIO (CONTINUED)

FECHHEIMER BROS, CINCINNATI
FIELD ABRASIVE MFG., DAYTON
FRANKLIN CHEMICAL, COLUMBUS
FRENCH OIL, PIQUA
FRIENDLY ICE CREAM, TROY
GEM CITY ENGINEERING CO., DAYTON
GLOBE CORP/HAMILTON TAILORING, CINCINNATI
GLOBE TOOL & ENGINEERING, DAYTON
H.A. JONES, DAYTON
HAMMER GRAPHICS, PIQUA
HANNA CHEMICAL, COLUMBUS
HARRIS CORP, DAYTON
HARTZELL INDUSTRIES, PIQUA
HARTZELL PROPELLER, PIQUA
HEWITT SOAP, DAYTON
HOBART, DAYTON
HOHMAN PLATING, DAYTON
HOLLANDER INDUSTRIES, DAYTON
HOOVEN & ALLISON, XENIA
HOWARD PAPER, DAYTON
HUTCH SPORTING GOODS, CINCINNATI
HYGENIC CORP., AKRON
HYLAND MACHINE, DAYTON
INDUSTRIAL PLATES OF OHIO, DAYTON
INMONT, CINCINNATI
ITT JABSCO PRODUCTS, SPRINGFIELD
J.T. EDWARDS, COLUMBUS
JOHNSON MFG., URBANA
KEYES FIBRE, TROY
KOEHRING, DAYTON
KURZ-KASCH, DAYTON
LAMBERT CORP., DAYTON
LANCASTER GLASS, LANCASTER
LANDMARK, S. CHARLESTON
LASERPLANE, DAYTON
LAUGHTER CORP., DAYTON
LEDEX INC., VANDALIA
LELAND ELECTROSYSTEMS, VANDALIA
LEWISBURG CONTAINER, LEWISBURG
MACAULEY ACCESSORY DIV., VANDALIA
MADALIST ALLEN-A, PIQUA
MAGNODE CORP., TRENTON
MARZETTI, COLUMBUS
MASONITE, CINCINNATI
MECHANEERS, DAYTON
METALLURGICAL SERVICES, DAYTON
MIAMI MARGARINE, CINCINNATI
MIAMI-CAREY, MONROE
MIDLAND ROSS AEROSPACE GROUP, COLUMBUS
MIDLAND ROSS AEROSPACE GROUP, COLUMBUS

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

OHIO (CONTINUED)

MIDWEST TOOL & ENGINEERING, DAYTON
MIKE-SELL POTATO CHIPS, DAYTON
MILLER SHOE, CINCINNATI
MONARCH MOLDERS, DAYTON
MOSIER IND., BROOKVILLE
NATIONAL FIRE HOSE, COLUMBUS
NCR, DAYTON
NEW DEAL TOOL & MACHINE DIV., DAYTON
NIPPERT, DELAWARE
OHIO PRECISION CASTINGS, DAYTON
OMAR BAKERY, COLUMBUS
OPTI-GAGE, TROTWOOD
ORR FELT, PIQUA
PARKER-HANNIFIN, EATON
PAYNE & CO., DAYTON
PLAS-TIX USA, MIAMISBURG
PRINTING SERVICE, DAYTON
PROCESS EQUIPMENT, TIPP CITY
PROJECTS UNLIMITED, DAYTON
PROTECTIVE TREATMENT, DAYTON
PUREX CORP., LONDON
QUESTOR JUVENILE FURNITURE, PIQUA
R. L. DRAKE, MIAMISBURG
RUGGLES ICE CREAM, SANDUSKY
SCHOENLING BREWING, CINCINNATI
SELECT TOOL, DAYTON
SEVEN-UP BOTTLING, DAYTON
SHEFFIELD MEASUREMENT, DAYTON
SIMMONS USA, COLUMBUS
SNOW FILTRATION, CINCINNATI
SPANGLER CANDY, BRYAN
SPECIALTY PAPER, DAYTON
SPRINGFIELD MANUFACTURING, SPRINGFIELD
SPRINGFIELD NEWSPAPER, SPRINGFIELD
ST. REGIS(TROY, CHANGE NAME TO--?), TROY
STACO ENERGY PRODUCTS, DAYTON
SUGAR CREEK PACKING, DAYTON
SUN CHEMICAL, CINCINNATI
SUPERIOR METAL PRODUCTS, LIMA
SUPERNET, DAYTON
TEX STYLE, CINCINNATI
THERMOMETER CORP. OF AMERICA, SPRINGFIELD
U.S. DRILLHEAD, CINCINNATI
U.S. SHOE, VIA CINCINNATI
UNITED COLOR PRESS, DAYTON
VALLEY ASPHALT, DAYTON
VELVA SHEEN, CINCINNATI
VERNAY LAB., YELLOW SPRINGS
VINDALE CORP, BROOKVILLE
WATER REFINING CO., MIDDLETOWN

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

OHIO (CONTINUED)

WEST MILTON PRECISION MACHINE, VANDALIA
WESTINGHOUSE, CINCINNATI
WESTVACO, EATON
WHITTAKER CORP., DAYTON
WILLAMETTE INDUSTRIES, DELAWARE
WILLIAM BAYLEY CO., SPRINGFIELD
WORTHINGTON FOODS, WORTHINGTON
XENIA FOUNDRY, XENIA
XOMOX, CINCINNATI
YODER DIE CASTING, DAYTON

OKLAHOMA

A. H. METAL FABRICATORS, MOORE
A.P. GREEN CO., PRYOR
ACCO FEEDS, OKLAHOMA CITY
ACME BRICK COMPANY, OKLAHOMA CITY
ACME FENCE & IRON COMPANY, NORMAN
ACME FENCE & IRON/IND. ENG. & MANU, MUSKOGEE
ADAMS-MILLIS CORPORATION, EDMOND
AIR REFINER BRANC, OKLAHOMA CITY
ALLIANCE WALL CO., OKMULGEE
ARWOOD INDUSTRIES, INC., OKLAHOMA CITY
BADGER METER, INCORPORATED, TULSA
BEAUTY CRAFT TILE, OKLAHOMA CITY
BOARDMAN CO., OKLAHOMA CITY
BORDEN, INCORPORATED, OKLAHOMA CITY
BROWN MANUFACTURING COMPANY, OKLAHOMA CITY
BUILDERS STEEL CO., INC., TULSA
CAINS COFFEE, OKLAHOMA CITY
CANADIAN VALLEY, OKLAHOMA CITY
CARLON, INCORPORATED, OKLAHOMA CITY
CENCO, TULSA
CENTERLINE, INCORPORATED, TULSA
CHANDLER MATERIALS, TULSA
CHESTERFIELD CYLINDER COMPANY, ENID
CHROMIUM PLATING, TULSA
CITY SPRING WORKS, INCORPORATED, OKLAHOMA CITY
COLE GRAINS, MUSKOGEE
COLOR GRAPHICS CORP., TULSA
CONTINENTAL CAN COMPANY, PONCA CITY
CONTINENTAL PLASTICS COMPANY #1 & #2, OKLAHOMA CITY
CORKEN INTERNATIONAL, OKLAHOMA CITY
CRANE CARRIER COMPANY #1, TULSA
CRANE CARRIER COMPANY #2, TULSA
CRC PIPELINE COMPANY, TULSA
DAACK'S PORTION PRODUCTS, PONCA CITY
DALTON PRECISION, INCORPORATED, CUSHING
DANA CORPORATION, OKLAHOMA CITY
DELTA FAUCETS, CHICKASHA

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

OKLAHOMA (CONTINUED)

DELUXE CHECK PRINTERS, OKLAHOMA CITY
DIAMOND CRYSTAL SALT, MOORE
DURABILITY, INCORPORATED, TULSA
EATON FLUID POWER PRODUCTS/SHWN. PT, SHAWNEE
EDMOND PUBLISHING CO., EDMOND
EL RENO TRIBUNE, EL RENO
EMPIRE FOUNDRY, TULSA
ESCOA FINTUBE COMPANY, PRYOR
F. A. HIGHLEY, OKLAHOMA CITY
FACET ENTERPRISES, TULSA
FANSTEEL METALS, MUSKOGEE
FASHION CRAFTS, HENRYETTA
FIBERCAST COMPANY, SAND SPRINGS
FIBERGLASS FABRICATORS, OKLAHOMA CITY
FIFE CORPORATION, OKLAHOMA CITY
G E A RAINEY CORP., TULSA
G E A RAINEY CORP., TULSA
G R A IRON, TULSA
GOLD SPOT DIV. AMPI, ENID
GRAPHIC ELECTRONICS, TULSA
GREEN COUNTRY CASTINGS, CORP., MUSKOGEE
HARTER CONCRETE PRODUCTS, OKLAHOMA CITY
HASKELL LEMON CONSTRUCTION COMPANY, OKLAHOMA
HINDERLITER HEAT TREAT, TULSA
HINDERLITER INDUSTRIES, INC., TULSA
HUDSON REFINING COMPANY, CUSHING
INDUSTRIAL VEHICLES, INC., TULSA
JENSEN INTERNATIONAL, TULSA
K & F MACHINE, OKLAHOMA CITY
KAISER MAGNESIUM, TULSA
KENTUBE DIVISION, TULSA
KIMRAY, INCORPORATED, OKLAHOMA CITY
KOEHRING-SPEDSTAR DIVISION, ENID
KWIKSET, BRISTOW
LABARGE, INCORPORATED, TULSA
LAKOTA ENGINEERING CO., TULSA
LAKOTA ENGINEERING CO., TULSA
LEE COMPANY,, STILLWATER
LETICA CORPORATION, OKLAHOMA CITY
LINDBERG HEAT TREATING, TULSA
LOVE BOX COMPANY, OKLAHOMA CITY
LOWRANCE ELECTRONICS, TULSA
MACKLANBURG DUNCAN, OKLAHOMA CITY
MADISON MACHINERY COMPANY, TULSA
MAKINS CONCRETE, OKLAHOMA CITY
MAREMONT CORPORATION, CHICKASHA
MAVERICK INTERNATIONAL, DUNCAN
MCALESTER WORKS, MCALESTER
MEECO MARINAS, MCALESTER
MERTZ, INCORPORATED, PONCA CITY

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

OKLAHOMA (CONTINUED)

METRO PRESS, OKLAHOMA CITY
MID-AMERICAN YARN, PRYOR
MIDWESTERN MANUFACTURING, TULSA
MIDWST CARBIDE, PRYOR
MIKE BRYAN OFFICE PRODUCTS, OKLAHOMA CITY
MISS ELAINE, INC., BRISTOW
MOBILE CHEMICAL, SHAWNEE
MOORE BUSINESS FORMS, STILLWATER
MUNSINGWEAR, INC., HOMINY
MUNSINGWEAR, INCORPORATED, PAWNEE
NATIONAL ZINC COMPANY, BARTLESVILLE
NEECE STEEL, CLAREMORE
NEWS CAPITOL, MCALESTER
NICKLES MACHINE CORP., PONCA CITY
NUWAY LAUNDRY, OKLAHOMA
OIL DYNAMICS, INC., TULSA
OKLAHOMA BRICK COMPANY, MUSKOGEE
OKLAHOMA BRICK COMPANY, UNION CITY
OKLAHOMA CANNING COMPANY, OKLAHOMA CITY
OKLAHOMA FURNITURE COMPANY, GUTHRIE
OKLAHOMA GRAPHICS, OKLAHOMA CITY
PAWHUSKA MANUFACTURING, PAWHUSKA
PELTON COMPANY, INCORPORATED, PONCA CITY
PET INCORPORATED, CHICKASHA
PHARMASEAL LABORATORIES, MANNFORD
PHIL-GOOD PRODUCTS, OKLAHOMA CITY
PHILLIPS DRISCOE PIPE, PRYOR
PRYOR FOUNDRY, PRYOR
RAMSEY CONSTRUCTION, BLACKWELL
ROBEL TISSUE MILLS, PRYOR
ROSS MARTIN, TULSA
SAPULPA BRICK & TILE, SAPULPA
SCHWARTZ MEATS, NORMAN
SERVICE PAINT MANUFACTURES, TULSA
SHAWNEE GARMENT MFG., SHAWNEE
SHAWNEE MILLING CO., SHAWNEE
SHEFFIELD STEEL CO., SAND SPRINGS
SOUTHERN SHEET METAL WORKS, TULSA
SOUTHWEST TUBE MFG. COMPANY, SAND SPRINGS
SOUTHWEST UNITED INDUSTRIAL, TULSA
SOUTHWST PACKAGING, INC., TULSA
SPERRY VICKERS/TULSA POW TRANS SYS, TULSA
STANDARD IRON & METAL, OKLAHOMA CITY
TAYLOR MANUFACTURING, TULSA
TEMP-SAFE, INCORPORATED, EDMOND
THE PRO-QUIP CORP., TULSA
THOMAS & BETTS CO., TULSA
TIME MARK CORP., TULSA
TOTCO COMPANY, NORMAN
TOTCO COMPANY, OKLAHOMA CITY

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

OKLAHOMA (CONTINUED)

TOWNLEYS DAIRY, OKLAHOMA CITY
TRICO INDUSTRIES, TULSA
TULSA RUBBER CO., TULSA
VALMONT OILFIELD PRODUCTS, SPRINGER
VIRGIL GREENE, OKLAHOMA CITY
W & W STEEL COMPANY, NORMAN
W & W STEEL COMPANY, OKLAHOMA CITY
WESTERN BANK & OFFICE PRODUCTS, OKLAHOMA CITY
WHEATLEY GEOSOURCE, TULSA
WICKHAM MEAT PACKING CO., SAPULPA
WOLVERINE TUBE, SHAWNEE
YAFFE IRON & METAL CO., INC., MUSKOGEE
YOBA HEAT TRANSFER, TULSA
ZAPATA INDUSTRIES, MUSKOGEE

PENNSYLVANIA

ACTION INDUSTRIES, CHESWICK
ALBER AND LEFF FOODS, PITTSBURGH
AMERICAN ASPHALT PAVING CO., INC., SHAVERTOWN
AMERICAN ROLLER BEARING CO., PITTSBURGH
AMERICAN SHEAR KNIFE CO./ASKO, INC., HOMESTEAD
ASSOCIATED TEXTILE SYSTEMS, PITTSBURGH
BACHARACH INSTRUMENTS/DIV OF AMS IN, PITTSBURGH
BEHRENBERG GLASS CO., DELMONT
BLAIRSVILLE MACHINE PRODUCTS, BLAIRSVILLE
BLOOM ENGINEERING, PITTSBURGH
BOISE CASCADE ENVELOPE DIVISION, WILKINSBURG
BUCYRUS ERIE/#1, GLASSPORT
BUCYRUS ERIE/#2, ERIE
C. M. AMERICAN CO., MCKEES ROCKS
CALGON CO./SOUTH PLANT, ELMWOOD CITY
CALIG STEEL DRUM CO., MCKEES ROCKS
CHANNELOCK CORP., MEADVILLE
CHAS. BLUESTONE CO., ELIZABETH
CLEAN LINEN SERIVCE (AUDITED TWICE), PITTSBURGH
CLEAN LINEN SERVICE, INC./#1, PITTSBURGH
CLEAN LINEN SERVICE, INC./#2, PITTSBURGH
COLEMAN CO., SOMERSET
COLT INDUSTRIES/CRCBL SPRNG DIV., PITTSBURGH
CONTINENTAL CAN CO., WEST MIFFLIN
COPPERWELD BIMETTALLIES CORP., GLASSPORT
CORRY JAMESTOWN CORP., CORRY
DARLINGTON BRICK AND CLAY CO., DARLINGTON
DURALOY BLAWNOX, SCOTTADALE
EDGEWATER STEEL CORP., OAKMONT
ELECTRO-NITE, PHILADELPHIA
ELLIOTT CO., JEANNETTE
EPIC METALS CORP., RANKIN
ERIE BREWING CO., INC., ERIE

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

PENNSYLVANIA (CONTINUED)

ERIE PRESS, ERIE
ERIEZ MAGNETICS, ERIE
ERUITE CORP., ERIE
FINDLAY REFRACTORIES, WASHINGTON
FRIEL BAKING, ERIE
GENERAL WIRE AND SPRING, MCKEES ROCKS
GEORGE AND THOMAS CONE CO., SHARON
GLENSHAW GLASS CO, GLENSHAW
GOODCNG RUBBER CO., PITTSBURGH
GULF OIL RESEARCH CENTER, HARMARVILLE
HASKELL OF PITTSBURGH, VERONA
HERBRICK AND HELD, PITTSBURGH
HERR-VOSS, CALLORY
HOMESTEAD INDUSTRIES, CORAOPOLIS
HOSPITAL LINEN SERVICE, PITTSBURGH
IONIES, INC., BRIDGEVILLE
IRON CITY INDUSTRIAL CLEANING CO., PITTSBURGH
J. S. MCCORMICK CO., PITTSBURGH
KEROTEST MFG., PITTSBURGH
KEYSTONE TOWEL SUPPLY CO., ERIE
KOOLVENT ALUMINUM PRODUCTS, BRIDGEVILLE
KOPPERS ORGANICS, BRIDGEVILLE
LAKE CITY INDUSTRIES, INC., LAKE CITY
LAKEVIEW FORGE CO., ERIE
LEETRONELT CORP., PITTSBURGH
LEVINSON STEEL, PITTSBURGH
LIBERTY MIRROR DIVISION/LBBY OWN FD, BRACKENRIDGE
LOCKHART IRON AND STEEL CO., MCKEES ROCKS
LORD CORP., ERIE
LUZERNE PRODUCTS, INC., WILKES-BARRE
MATTHEWS INTERNATIONAL/01, PITTSBURGH
MATTHEWS INTERNATIONAL/02, PITTSBURGH
MCCONWAY AND TORLEY COMPANY, PITTSBURGH
MCCONWAY AND TORLEY CORP., PITTSBURGH
MCCREARY TIRE CO., INDIANA
MCINNES STEEL CO, CORRY
METALLURGICAL EXOPRODUCTS CORP., MCKEES ROCKS
MOTOR COILS MFG. CO., BRADDOCK
MULACH STEEL CORP., BRIDGEVILLE
NATIONAL TEL-TRONICS CORP., MEADVILLE
NATIONAL VALVE AND MFG. CO., PITTSBURGH
OBERG MANUFACTURING, FREEPORT
OSBORN MACHINE CO., DUBOIS
PENNZOIL REFINING CO., OIL CITY
PIAD PRECISION CASTING, EAST MCKEESPORT
PICCO RESINS/HERCULES, INC., CLAIRTON
PICCO RESINS/HERCULES, INC.(ACT TW), CLAIRTON
PITTSBURGH BREWING CO./IRN CTY BEER, PITTSBURGH
PITTSBURGH NIPPLE WORKS, PITTSBURGH
POWER PIPING CO., PITTSBURGH

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

PENNSYLVANIA (CONTINUED)

PRECISION INDUSTRIES, ALIQUIPPA
R. MUNROE AND SONS, PITTSBURGH
RILEY-STOKER CORP., ERIE
ROBRAY INDUSTRIES, VERONA
ROYSTON LABORATORIES, PITTSBURGH
RUSSELL INDUSTRIES, BRIDGEVILLE
SCHUYKILL PRODUCTS, INC., CRESSONA
SOUTHWEST PETRO-CHEMICAL, BAKERSTOWN
SSI HANDLING SYSTEMS, EASTON
ST. JOE CONTAINER CO., SHAPPSBURG
ST. REGIS/CONTAINER DIVISION, PITTSBURGH
STEEL SCAFFOLDING CO., INC., UNIONTOWN
SYNTHANE-TAYLOR CORP., ERIE
TEXTRON, INC., ELLWOOD CITY
THE HEARST COMPANY/WTAE DIVISION, PITTSBURGH
TOYAD CO., LATROBE
UNION CAMP CORP., EIGHTY FOUR
UNION SPECIALTY STEEL, VERONA
URICK FOUNDRY, ERIE
VESUVIUS CRUCIBLE, PITTSBURGH
VULCAN METALS, PITTSBURGH

RHODE ISLAND

CADILLAC TEXTILES, CUMBERLAND
CONCORDI MANUFACTURING CO., INC., COVENTRY
CONNECTOR TECHNOLOGY CORPORATION, PAWTUCKET
GLASS KRAFT INC., SLATERSVILLE
HANORA SPINNING INC., WOONSOCKET
HARBOR SHELLFISH INC., SLOCUM
LINCOLN DIMENSIONAL TUBING, LINCOLN
NARRAGANSETT GREY IRON FOUNDRY, SMITHFIELD
NORTH SAFETY EQUIPMENT, CRANSTON
POLYTOP CORPORATION, SLATERSVILLE
TECH INDUSTRIES, INC., WOONSOCKET

SOUTH CAROLINA

CINCINNATI MILACRON, FOUNTAIN INN

TENNESSEE

A & E PLASTI-LINE (AUDITED TWICE), POWELL
ACCURATE PAPER BOX CO., INC., KNOXVILLE
ADAMS PACKING ASSOCIATION, MEMPHIS
AIE ELECTRONICS, NASHVILLE
ALLIED CHEMICAL CORPORATION, KNOXVILLE
ALLIED PRODUCTS, KNOXVILLE
ALTON PACKAGING CO., MURFREESBORO
AMERICAN BAKERIES CO., KNOXVILLE

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

TENNESSEE (CONTINUED)

AMERICAN BREAD CO., NASHVILLE
AMERICAN CLOTHING COMPANY, KNOXVILLE
AMERICAN PHARMASEAL LABS., JOHNSON CITY
AMOTEX PLASTICS, NASHVILLE
APPALACHIAN PACKAGIN CO., KNOXVILLE
ARMOUR AND COMPANY, BRISTOL
ARMSTRONG RUBBER CO., CLINTON
ARNOLD ENGINEERING CO., SEVIERVILLE
ATHENS HOSIERY MILLS, INC., ATHENS
ATHENS STOVE WORKS(AUDITED TWICE), ATHENS
ATLAS PAPER BOX CO., CHATTANOOGA
AVONDALE FARMS CREAMERY, KNOXVILLE
B.F. GOODRICH, ONEIDA
BACHMAN VALVE CORPORATION, BRISTOL
BEECHAM LABS., BRISTOL
BERKLINE CORP., MORRISTOWN
BERKLINE CORP. #3, MORRISTOWN
BLOCKSOM & CO., ETOWAH
BOLTON BLOCK INC., JOHNSON CITY
BONDS-FLAUER, KNOXVILLE
BRADLEY LIMESTONE CO., CLEVELAND
BREEKO INDUSTRIES, NASHVILLE
BRIGGS INC., KNOXVILLE
BRISTOL METAL PRODUCTS, BRISTOL
BRISTOL METAL, INC., BRISTOL
BROWN STOVE WORKS, INC., CLEVELAND
BURNETT PRODUCE, MORRISTOWN
C.M.C. INC., SMYRNA
CAMEL MANUFACTURING CO., INC., KNOXVILLE
CANDORO MARBLE COMPANY, KNOXVILLE
CAVALIER CORPORATION, CHATTANOOGA
CENTURY WRECKER CORPORATION, OOLTEWAH
CHARLESTON HOSIERY, CLEVELAND
CHATTANOOGA GLASS COMPANY, CHATTANOOGA
CHATTEM INC., CHATTANOOGA
CHEIF BROS. CORPORATION, KINGSPORT
CHEROKEE TEXTILE MILLS, SEVIERVILLE
CHROMALOX DIV. EMERSON ELEC., MURFREESBORO
CLEVELAND PLASTICS OF TENNESSEE, CLEVELAND
COCA COLA OF JOHNSON CITY, JOHNSON CITY
COHEN IRON AND METAL CO., NASHVILLE
CONAGRA, INC., KNOXVILLE
CONCRETE FORMS CORP., CHATTANOOGA
CONTAINER CORP. OF AMERICA, KNOXVILLE
CROSSVILLE RUBBER, CROSSVILLE
DAVIS PIPE AND METAL FABRICATIONS, BLOUNTVILLE
DETROIT GASKET AND MFG. INC., NEWPORT
DIXIE CONCRETE PIPE CO., INC., LAVERGNE
DONELLY PRINTING CO., GALLATIN
DOWELLTOWN MFG., CO., INC., DOWELLTOWN

COMPANIES WHICH HAVE HAD IF SPONSORED EADC ENERGY AUDITS (CONTINUED)

TENNESSEE (CONTINUED)

DURACAP ASPHALT, KNOXVILLE
ECLIPSE LOOKOUT CO., CHATTANOOGA
ELECTRO-VOICE INC., NEWPORT
ELECTRO-VOICE INC., SEVIERVILLE
EMERSON ELECTRIC CO., NEWPORT
EMPIRE PENCIL CORP., DANDRIDGE
ENGINEERING PRODUCTS, INC., DANDRIDGE
FEDERAL SIGN, KNOXVILLE
FENTRESS IND., JAMESTOWN
FIBRON AMERICAN ENKA, CHATTANOOGA
FLAV-O-RICH, INC., KNOXVILLE
FLOWER'S SANCK OF TN, INC., CROSSVILLE
FOAM FABRICATING INC., CHATTANOOGA
FORMALL PLASTICS, KNOXVILLE
FORREST PRODUCTS, MORRISTOWN
FRIZZELL CONSTRUCTION CO., CHATTANOOGA
GATEWAY HOSIERY MILLS, INC., CHATTANOOGA
GENTRON CORP., SWEETWATER
GENERAL SHALE BRICK, KNOXVILLE
GEORGIA PACIFIC CORP., KNOXVILLE
GOLDEN GALLON, CHATTANOOGA
GORDON'S INC., JOHNSON CITY
GOULD ELECTRIC MOTOR DIV., INC., MCMINNVILLE
GRAINGER INDUSTRIES INC., RUTLEDGE
GREENBACK INDUSTRIES, GREENBACK
H.T. HACKNEY, INC., KNOXVILLE
HARRIMAN HOSIERY CO., HARRIMAN
HARRIMAN PAPERBOARD CORP., HARRIMAN
HERMITAGE CONCRETE PIPE CO., KNOXVILLE
HERMITAGE CONCRETE PIPE CO., KNOXVILLE
HEYWOOD WAKEFIELD CO., NEWPORT
HILLSDALE INDUSTRIES INC., KNOXVILLE
HIWASSEE FURNITURE INC., MADISONVILLE
HOLLISTON MILLS, INC., NEW CANTON
HOLSTON GARMENT MFG. CO., BRISTOL
HOLSTON MFG., KNOXVILLE
HURD LOCK & MFG. CO., GREENEVILLE
HUTIG SASH AND DOOR, KNOXVILLE
HUTIG SASH AND DOOR, KNOXVILLE
HUTTENBAUER FOODS, INC., KNOXVILLE
IMPERIAL CANTRELL MFG. CO., JELLICO
IMPERIAL READING CORP., LAFOLLETTE
INTERNATIONAL PAPER CO., MURFREESBORO
J.F.G. COFFEE CO., KNOXVILLE
JOHNSON CITY FOUNDRY, JOHNSON CITY
JOHNSON SPRING CO., INC., JEFFERSON CITY
KAY'S ICE CREAM INC., KNOXVILLE
KAYSER - ROTH HOSIERY CO., INC., DAYTON
KELLY FOODS INC., JACKSON
KENNAMETAL INC., JOHNSON CITY

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

TENNESSEE (CONTINUED)

KEUFFEL (AUDITED AT TWO LOCATIONS), TULLAHOMA
KINGSPORT FOUNDRY MFG. CO., KINGSPORT
KINGSTON TIMER PLANT, SMITHVILLE
KNOX METALS CORP., KNOXVILLE
KNOX PORCELAIN CORP., KNOXVILLE
KNOXVILLE GLOVE CO., KNOXVILLE
KNOXVILLE POULTRY AND EGG CO., KNOXVILLE
KROEHLER MFG. CO., NEWPORT
L.C. KING MFG. CO., BRISTOL
LA-Z-BOY CHAIR CO., DAYTON
LAY PACKING CO., KNOXVILLE
LEA WAYNE KNITTING MILLS,, MORRISTOWN
LEBANON WOOLEN MILLS, LEBANON
LENOIR CAR WORKS, LENOIR CITY
LEVI STRAUSS, KNOXVILLE
LONDON FOG, POWELL
M & M / MARS CO., CLEVELAND
K & M SAWS, MORRISTOWN
MAHLE MFG. CO., MORRISTOWN
MARBLE SHOP, KNOXVILLE
MARLOCK INC., MAYNARDVILLE
MAYFIELD DAIRY INC., ATHENS
MIDLAND ROSS CORPORATION, ATHENS
MODINE MFG. CO, KNOXVILLE
MODINE MFG. CO., CLINTON
MOHAWK MILLING CO., NEWPORT
MORRILL ELECTRIC, INC, ERWIN
MUELLER CO., CHATTANOOGA
N.A.P. CONSUMER ELECT., JEFFERSON CITY
NABORS MFG. CO., INC., CHATTANOOGA
NASHVILLE WIRE PRODUCTS, NASHVILLE
NASHVILLE WIRE PRODUCTS, NASHVILLE
NASHVILLE WIRE PRODUCTS,, NASHVILLE
NATIONAL BUSINESS FORMS, GREENEVILLE
NEWPORT INDUSTRIAL PRODUCTS, NEWPORT
NIOTA TEXTILE MILLS CO., INC., NIOTA
NORTH AMERICAN CAR CORP., MURFREESBORO
OAK RIDGE TOOL ENGINERRING, INC., OAK RIDGE
OLIN METAL PRODUCTS, INC., MURFREESBORO
OVERMAN USA, INC., KNOXVILLE
P & S ENGINEERED PLASTICS, KNOXVILLE
PALM BEACH CO., KNOXVILLE
PATENT MOLDING CO., KNOXVILLE
PATENT PLASTIC,INC. KNOXVILLE
PATHEAY BELLOWS, INC., OAK RIDGE
PEARL EQUIPMENT CO., NASHVILLE
PEPSI COLA BOTTLING, KNOXVILLE
PET DAIRY PRODCTS INC., GREENEVILLE
PET GROCERY PRODUCTS INC., GREENEVILLE
PIC AIR, OAK RIDGE

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

TENNESSEE (CONTINUED)

PIONEER PLASTICS, MORRISTOWN
PITTSBURG KNITTING MILLS, INC., SOUTH PITTSBURG
PLASTI-LINE, POWELL
• PLUMBIUM MANUFACTURING CORP., BRISTOL
POLYSAR LATEX INC., CHATTANOOGA
PRECISION DISC CORP., KNOXVILLE
PRO GROUP INC., CHATTANOOGA
PTC CORPORATION, CLINTON
PVS INDUSTRIES OF TENNESSEE, KNOXVILLE
RECTICEL FOAM, MORRISTOWN
RED KAP INDUSTRIES, DICKSON
RICE BOTTLING CO., JOHNSON CITY
ROSS PRESTRESSED CONCRETE CO., KNOXVILLE
ROYAL CORWN BOTTLING CO., KNOXVILLE
ROYAL CROWN BOTTLING CO., ATTENS
S & P SPORTSWEAR CO., TELLICO PLAINS
S.M. ATHLETICS INC., KNOXVILLE
SCHLEGEL TENNESSEE INC., MARYVILLE
SCREEN ART INC., KNOXVILLE
SEA-RAY BOATS, KNOXVILLE
SEABOARD ALLIED MILLING CORP., CHATTANOOGA
• SELOX INC.(LOOKOUT MTN. PLANT), CHATTANOOGA
SHELBY WILLIAMS INC. INC.(#1), MORRISTOWN
SHELBY WILLIAMS IND. INC.(#2,3), MORRISTOWN
SHERMAN & REILLY, INC., CHATTANOOGA
SIGNAL KNITTING MILLS, INC., CHATTANOOGA
SIGNAL KNITTING MILLS, INC., NEW TAZEWELL
SIGNAL THREAD CO., CHATTANOOGA
SILVER CITY MILLS, SHELBYVILLE
SLIP-NOT BELTING CORP., KINGSPORT
SNAP-ON TOOLS, ELIZABETHTON
SNAP-ON TOOLS CORP., JOHNSON CITY
SONOCO PRODUCTS, CO., NEWPORT
SOUTHERN CAST STONE CO., KNOXVILLE
SOUTHERN ELECTRONIC INC., GREENEVILLE
SOUTHERN SILK MILLS, INC., SPRING CITY
SOUTHERN WOOD PIEDMONT, CHATTANOOGA
SOVEX NATURAL FOODS, INC., COLLEGEDALE
SPINLAB, KNOXVILLE
STANDARD FORMS CO., JOHNSON CITY
STAT MEDICAL CORP., POWELL
STRONG ROBINETTE BAG CO., BRISTOL
SWEETWATER HOISERY MILLS, SWEETWATER
TARCO ASPHALT PRODUCTS INC., KNOXVILLE
TEN-TEC INC., SEVIERVILLE
TEXAS-TENN. INTERNATIONAL, KNOXVILLE
THOMAS INDUSTRIES, INC., SPARTA
THOMAS INUSTRIES, DYERSBURG
TRW - ROSS GEAR DIV., GREENEVILLE
TRW, CARR DIVISION, KNOXVILLE

COMPANIES WHICH HAVE HAD IP SPONSORED EADC ENERGY AUDITS (CONTINUED)

TENNESSEE (CONTINUED)

TRW, MICHIGAN DIV., ROGERSVILLE
UNION CAMP CORP., MORRISTOWN
UNITED STATES STOVE CO., CHATTANOOGA
USECO/EPCO PRODUCTS, MURFREESBORO
VERNCO CORP. OF TENNESSEE (ADTS TN), NEWPORT
VINYLEX CORPORATION, KNOXVILLE
VULCAN MATERIALS, KNOXVILLE
VULCAN MATERIALS, MARYVILLE
WALKER DYE & CASTING, INC., LEWISBURG
WESTVACO CONTAINER DIVISION, CLEVELAND
WHITE LILY FOOD CO., KNOXVILLE
WHITE STAG MFG. CO., MURFREESBORO
WINTER GARDEN INC., BELLS
WOOD PRODUCT CO., INC., NEWPORT
WRIGHT LUMBER CO., KNOXVILLE
WYKO OF TENNESSEE INC., GREENBACK

TEXAS

ANTHONY FOREST PRODUCTS COMPANY, ATLANTA
HARRIS INDUSTRIES, INC., LONGVIEW
J. S. MCKINNEY, FREEPORT
MERRITT TOOL CO., INC., KILGORE
TEX-FAB, INC., CYPRESS
THE MARSHALL POTTERY, MARSHALL

VIRGINIA

ELECTROLUX, BRISTOL

VERMONT

IDLENOT DAIRY, N. SPRINGFIELD
MONUMENT INDUSTRIES, BENNINGTON

WYOMING

AMF WYOTT, CHEYENNE

ENERGY SAVINGS

From a survey of industrial users conducted by Battelle, Pacific Northwest Laboratories, it is clear that many of the technologies successfully developed with program support are being rapidly implemented by industry and are saving energy. The table on the following page shows these energy savings impacts to date and estimates future savings as the technologies continue their market penetration. These expected benefits are independent of any future program activity and would occur even if the program itself were to end.

ENERGY SAVINGS IMPACT OF COMPLETED IP TECHNOLOGIES

Technology	Total Federal Cost ($ in Thousands)	Units Installed	Current Annual Energy Savings (10^{12} Btu/yr)	Cummulative Energy Savings to Date (10^{12} Btu/yr)	Estimated Annual Energy Savings Year 2010 (10^{12} Btu/yr)
Boiler Workshops	308	10	4.0	24.0	4.0
Catalytic Reactor	1,467	2	0.13	0.13	265.0
Cogen.-Coal-Fired Steam Turb.	1,366	2	0.21	0.47	344.0
Cogen.-Slow-Speed Diesel	11,000	2	1.21	2.5	516.0
Coil Coating	194	25	2.96	15.0	10.0
Computer-Controlled Oven	458	6	0.12	0.26	228.0
Cupola Stack Air Injection	935	1	0.007	0.05	25.0
Dye Bath Reuse	214	69	0.25	1.0	19.0
Energy Analysis & Diagn. Centers	6,240	1,080	7.98	32.0	11.0
Foam Finishing	1,100	(*)	0.80	5.6	52.0
Heat Exchanger-Dryer	611	2	0.11	0.22	59.0
High-Efficiency Weld Unit	444	2,100	0.063	0.09	42.0
Hyperfiltration - Textiles	636	1	0.008	0.015	3.0
Irrigation Systems	1,500	10,000	6.0	10.0	8.0
Nitrogen-Methanol Carbur.	371	394	3.0	11.0	10.0
ORC Bottoming Unit	3,000	6	0.12	0.40	225.0
Pipe-Cross Reactor	1,177	28	0.797	1.98	6.0
Plating Waste Concentrator	388	3	0.0035	0.004	22.0
Recuperators (AiResearch)	1,500	80	0.68	2.4	178.0
Recuperators (GTE)	2,580	725	2.9	6.6	247.0
Slot Forge Furnace	2,836	21	1.1	2.6	20.0
Totals	37,875		32.45	116.32	2,294.0

---

* Represents 1.9 billion linear yards of broadwoven and knits and 0.06 billion square yards of carpets and rugs.

R&D PROJECT LOCATIONS

Over 200 research and development projects have been sponsored by the Industrial Energy Conservation Program since its inception. While many of the projects have been cost-shared with private industry, there have been important contributions by universities and federal research laboratories as well.

The geographical distribution of these projects is listed on the following pages.

INDUSTRIAL RESEARCH PARTICIPANTS

ALABAMA

AUBURN UNIVERSITY, AUBURN
TENNESSEE VALLEY AUTHORITY, MUSCLE SHOALS

ARIZONA

ARIZONA STATE UNIVERSITY, TEMPE
ARIZONA STATE UNIVERSITY, TUSCON
ENERGY MANAGEMENT CORPORATION, TONOPAH
UNIVERSITY OF ARIZONA, TUSCON

CALIFORNIA

AEROJET, SACRAMENTO
AIR RESEARCH, TORRANCE
ALPHA GLASS, LOS ANGELES
ARMCO INC., IRVINE
BIPHASE ENERGY SYSTEMS, SANTA MONICA
BIPHASE ENERGY SYSTEMS, SANTA MONICA
CALIFORNIA ENERGY COMMISSION, SACRAMENTO
CALIFORNIA STATE UNIVERSITY, FRESNO
CYCLOMATIC INDUSTRIES, SAN DIEGO
GARRETT AIRESEARCH, LOS ANGELES
HARZA ENGINEERING COMPANY, FRESNO
HEIST ENGINEERING INC., WALNUT CREEK
HOLMES AND NARVER, INC., ORANGE
JPL/NASA, PASADENA
KAISER ALUMINUM & CHEMICAL CORP., PLEASANTON
MEMBRANE TECHNOLOGY & RES., PALO ALTO
PARSONS, RALPH M., PASADENA
PROSSER INDUSTRIES, LOS ALAMITOS
RASOR ASSOCIATES, INC., SUNNYVALE
RAYTEN, INC., SANTA CRUZ
SAN JOSE STATE UNIVERSITY, SAN JOSE
SCHROEDER PROCESS CORP., SANTA ANA
STANFORD UNIVERSITY, STANFORD
SUNKIST GROWERS, INC., ONTARIO
TRANSMET ENERGY, LA HABRA
TRW ENERGY DEV. GROUP, REDONDO BEACH
UNIVERSITY OF CALIFORNIA, DAVIS

COLORADO

AMAX, GOLDEN
COLORADO SCHOOL OF MINES RESRCH INS, GOLDEN
MANVILLE SCIENCE CORP., DENVER
SUGAR BEET DEVELOPMENT FOUNDATION, FORT COLLINS
U.S. BUREAU OF MINES, GOLDEN
VALLEY DEHYDRATION CORPORATION, STERLING

INDUSTRIAL RESEARCH PARTICIPANTS (CONTINUED)

CONNECTICUT

CHAMPION INTERNATIONAL, STAMFORD
UNIVERSITY OF CONNECTICUT, STORRS

DISTRICT OF COLOMBIA

ACEC RESEARCH & MGT. FOUND, WASHINGTON
CLAPP AND POLIAK, WASHINGTON
CMCO RESEARCH, WASHINGTON
GALAXY INTERNATIONAL INC., WASHINGTON
HAGLER BAILLY, WASHINGTON
ICF, INC., WASHINGTON
NATIONAL ACADEMY SCIENCE, WASHINGTON
NATIONAL FOOD PROCESSORS ASSC, WASHINGTON
NATIONAL FOREST PRODUCTS ASSOC., WASHINGTON
SCIENCE MGT. CORP., WASHINGTON
SMITHSONIAN INSTITUTION, WASHINGTON
SYSTEMS CONSULTANTS INC., WASHINGTON
U.S. AIR FORCE, WASHINGTON
US. DEPARTMENT OF AGRICULTURE, WASHINGTON
US. DEPARTMENT OF TRANSPORTATION, WASHINGTON

FLORIDA

LICON, PENSACOLA
UNIVERSITY OF FLORIDA, GAINESVILLE

GEORGIA

ASSOCIATION OF ENERGY ENGINEERS, ATLANTA
GEORGIA TECH, ATLANTA
GEORGIA TECH RESEARCH INSTITUTE, ATLANTA

IOWA

IOWA STATE UNIVERSITY, AMES

IDAHO

ENERGY, INCORPORATED, IDAHO FALLS
IDAHO NATIONAL ENGNG LAB, IDAHO FALLS

ILLINOIS

ARGONNE NATIONAL LABS, ARGONNE
CITY OF CHICAGO, CHICAGO
DESOTO, INC., DES PLAINES
INSTITUTE OF GAS TECHNOLOGY, CHICAGO
JOHNS MANVILLE CORPORATION, ROCKDALE
PORTLAND CEMENT ASSN., SKOKIE
SUNDSTRAND CORPORATION, ROCKFORD

INDUSTRIAL RESEARCH PARTICIPANTS (CONTINUED)

ILLINOIS (CONTINUED)

UNIVERSITY OF CHICAGO, CHICAGO
UNIVERSITY OF ILLINOIS, URBANA
UOP, INC., DES PLAINES

INDIANA

NOTRE DAME UNIVERSITY, SOUTH BEND
PURDUE RESEARCH FOUNDATION, WEST LAFAYETTE
PURDUE UNIVERSITY, LAFAYETTE
ROLL COATER, INC., GREENFIELD

KANSAS

KANSAS STATE UNIVERSITY, MANHATTEN
PEABODY GORDON & PIATT, INC., WINFIELD

LOUISIANA

STATE OF LOUISIANNA, BATON ROUGE
TULANE UNIVERSITY, NEW ORLEANS

MASSACHUSETTS

A G TECHNOLOGY, NEEDHAM
AGUILA CORP., PEPPERELL
ARTHUR D. LITTLE, INC., CAMBRIDGE
AVCO CORPORATION, WILMINGTON
AVCO EVERETT RESEARCH LAB, EVERETT
CENTER FOR ENERGY POLICY RESEARCH, CAMBRIDGE
CHAS T MAIN INC., BOSTON
COMMONWEALTH ENERGY SYSTEM, CAMBRIDGE
CONCENTRATION SPECIALISTS, ANDOVER
DYNATECH CORP., BURLINGTON
DYNATECH R&D COMPANY, BOSTON
EASTERN PRODUCTS COMPANY, BEVERLY
HARVARD UNIVERSITY, CAMBRIDGE
IONICS INC., WATERTOWN
MASSACHUSETTS INST. TECH., CAMBRIDGE
MERIX CORPORATION, WELLESLEY
NORTHEAST SOLAR, BOSTON
NORTHERN RESEARCH, WOBURN
PHYSICAL SCIENCES INC., ANDON
SPECTRAL SCIENCES, BURLINGTON
SYLVANIA, WALTHAM
THERMO ELECTRON CORP., WALTHAM
TRIAD ASSOCIATES, BURLINGTON
TUFTS UNIVERSITY, MEDFORD
U.S. ARMY, NATICK
UNIVERSITY OF LOWELL, LOWELL

INDUSTRIAL RESEARCH PARTICIPANTS (CONTINUED

MARYLAND

BOOZ ALLEN & HAMILTON, INC., BETHESDA
ENERGETICS INC., COLUMBIA
HITTMAN CORPORATION, COLUMBIA
MUELLER ASSOCIATES INC., BALTIMORE
NATIONAL BUREAU OF STANDARDS, GAITHERSBURG
NAVAL WEAPONS LABORATORY, WHITE OAK
OAKLAND CORPORATION, SILVER SPRING
OAO INC., GREENBELT
U.S. BUREAU OF CENSUS, LANHAM
UNIVERSITY OF MARYLAND, COLLEGE PARK
VARIGAS RESEARCH INC., TIMONIUM

MAINE

ENERGROUP, INC., PORTLAND
GORHAM INTERNATIONAL, GORHAM
HAGUE INTERNATIONAL, PORTLAND
MAINE UNIVERSITY OF, ORAGONE
UNIVERSITY OF MAINE, ORONO

MICHIGAN

AMERICAN SOCIETY OF AGRICULTRL ENGR, ST. JOSEPH
FORD MOTOR CO., DEARBORN
MICHIGAN INSTITUTE OF TECHNOLOGY, HOUGHTON
MICHIGAN STATE UNIVERSITY, EAST LANSING
NATIONAL-STANDARD COMPANY, NILES

MINNESOTA

HONEYWELL, INC., MINNEAPOLIS
UNIVERSITY OF MINNESOTA, ST. PAUL

MISSOURI

MONSANTO COMPANY, ST. LOUIS

MONTANA

MONTANA ENERGY AND MHD R&D INST.INC, BUTTE

NORTH CAROLINA

I.R.C.C., WINSTON-SALEM
NORTH CAROLINA STATE, RALEIGH
STATE OF NORTH CAROLINA, RALEIGH
U.S.ENVIRONMENTAL PROTECTION AGENCY, RES. TRAGLE PRK

INDUSTRIAL RESEARCH PARTICIPANTS (CONTINUED)

NORTH DAKOTA

NORTH DAKOTA STATE UNIVERSITY, FARGO

NEBRASKA

ENERGY RESOURCES COMPANY, INC., OMAHA
UNIVERSITY OF NEBRASKA, LINCOLN

NEW HAMPSHIRE

NEW HAMPSHIRE ENERGY, CONCORD

NEW JERSEY

DESCHAMPS, EAST HANOVER
ERGENICS, WYCKOFF
EXXON CORPORATION, FLORHAM PARK
GAF CORPORATION, GLOUCESTER
HOFFMAN-LAROUCHE, INC., BRUNSWICK
HYDROQUAL/MERCK, MATAWAN
MERCK PHARMACEUTICALS, RAHWAY
PLASTICS INSTITUTE OF AMERICA, HOBOKEN
PROCEDYNE CORPORATION, NEW BRUNSWICK
RECON SYSTEMS, INC., THRU BRIDGES

NEW MEXICO

LOS ALAMOS NAT'L LAB, LOS ALAMOS

NEW YORK

BENDIX CORPORATION, TROY
BROOKHAVEN NATIONAL LABORATORY, UPTOWN
CORNELL UNIVERSITY, ITHACA
GENERAL ELECTRIC COMPANY, SCHENECTADY
GORDIAN ASSOC. INC., NEW YORK CITY
GREAT LAKES CARBON CORPORATION, NIAGARA FALLS
MECHANICAL TECHNOLOGY INC., LATTHORN
STATE OF NEW YORK, ALBANY
STATE UNIVERSITY OF NEW YORK, ALBANY
SUNY BINGHAMTON, BINGHAMTON
UNION CARBIDE CORPORATION, TARRYTOWN

OHIO

BATTELLE COLUMBUS LAB, COLUMBUS
COATINGS RESEARCH GROUP, INC., CLEVELAND
MIDLAND-ROSS CORPORATION, TOLEDO
NASA-LEWIS RESEARCH CENTER, CLEVELAND
TRW INC., CLEVELAND
U.S. ENVIRONMENTAL PROTECTION AGNCY, CINNCINATTI

INDUSTRIAL RESEARCH PARTICIPANTS (CONTINUED)

OKLAHOMA

OKLAHOMA STATE UNIVERSITY, STILLWATER

OREGON

BEND RESEARCH INC., BEND
OREGON STATE UNIVERSITY, CORVALLIS

PENNSYLVANIA

AIR PRODUCTS AND CHEMICAL, ALLENTOWN
ALUMINUM COMPANY OF AMERICA, ALCOA
CARNEGIE MELLON UNIVERSITY, PITTSBURGH
DREXEL UNIVERSITY, PHILADELPHIA
GTE PRODUCTS CORPORTION, TOWANDA
GULF OIL CORPORATION, PITTSBURGH
LEHIGH UNIVERSITY, BETHLEHEM
MELLON INSTITUTE, PITTSBURGH
NATIONAL STEEL CORPORATION, PITTSBURGH
PENNSYLVANIA STATE UNIVERSITY, STATE COLLEGE
PETC, PITTSBURGH
ROCKWELL INTERNATIONAL CORPORATION, PITTSBURGH
UNIVERSITY CITY SCIENCE, PHILADELPHIA
UNIVERSITY OF PENNSYLVANIA, PHILADELPHIA
US STEEL CORP/BETHLEHEM, MONROEVILLE
WESTINGHOUSE ELECTRIC, PITTSBURGH
YORK RESEARCH CORPORATION, YORK

SOUTH CAROLINA

ADCOR, CHARLESTON
CLEMSON UNIVERSITY, CLEMSON
RIEGEL TEXTILE CORPORATION, WARE SHOALS
SOUTH CAROLINA RESEARCH INSTITUTE, COLUMBIA
UNITED MERCHANTS & MANUFACTURERS, LANGLAY

TENNESSEE

ASSOCIATED UNIVERSITIES, OAK RIDGE
OAK RIDGE NATIONAL LAB, OAK RIDGE

TEXAS

CRL/MEDCHEM, HOUSTON
ENVIRONMENTAL EQUIPMENT CORP. (EEI), HOUSTON
GULF STATES UTILITIES COMPANY, BEAUMONT
SOUTHWEST RESEARCH INST., SAN ANTONIO
SUNX, AUSTIN
TEXAS A&M UNIVERSITY, PLAINVIEW
TEXAS INDUSTRIAL COMMISSION, AUSTIN
UNIVERSITY OF HOUSTON, HOUSTON

INDUSTRIAL RESEARCH PARTICIPANTS (CONTINUED)

TEXAS (CONTINUED)

UNIVERSITY OF TEXAS, AUSTIN

UTAH

BOOTH OIL COMPANY, SALT LAKE CITY
KELLER ENGINEERING, LOGAN
TERRA TEK, INC., SALT LAKE CITY
UNITEX, SALT LAKE CITY
UNIVERSITY OF UTAH, SALT LAKE CITY

VIRGINIA

A.SMITH BOWMAN COMPANY, SUNSET HILLS
AEROSPACE RESEARCH CORPORATION, ROANOKE
ARCHBOLD INVESTMENT, FOXLEASE FARM
BABCOCK & WILCOX CO., LYNCHBURG
CENTEC CORPORATION, RESTON
CREATIVE TECHNOLOGY, ANNANDALE
ENERGY & ENVIRONMENTAL ANALYSIS, ALEXANDRIA
MITRE CORPORATION, MCLEAN
RADIAN CORPORATION, MCLEAN

WASHINGTON

BOEING COMPUTER, SEATTLE
CITY OF SEATTLE, SEATTLE
CITY OF TACOMA, TACOMA
ENVIRONMENTAL DATA CENTER, PULLMAN
MCDONNELL DOUGLAS CORPORATION, SEATTLE
PACIFIC NORTHWEST LAB, RICHLAND
UNIVERSITY OF WASHINGTON, SEATTLE

WISCONSIN

BS & INSTITUTE OF PAPER CHEMICAL, APPLETON
INSTITUTE FOR PAPER CHEMISTRY, APPLETON
REXNORD, INC., MILWAUKEE
UNIVERSITY OF WISCONSIN, MADISON

PROGRAM BENEFIT/COST

Cumulative federal costs for the over 200 R&D projects supported by the program through fiscal year 1985 have been $311 million dollars. Cumulative energy savings of 23 completed projects have been approximately 116 trillion Btu's, a production cost savings of about $353 million. Since the energy savings attributable to the program are growing rapidly as completed technologies penetrate the market and additional technologies are commercialized by private industry, the net "cash flow" defined by comparing the program's benefits and costs is increasing.

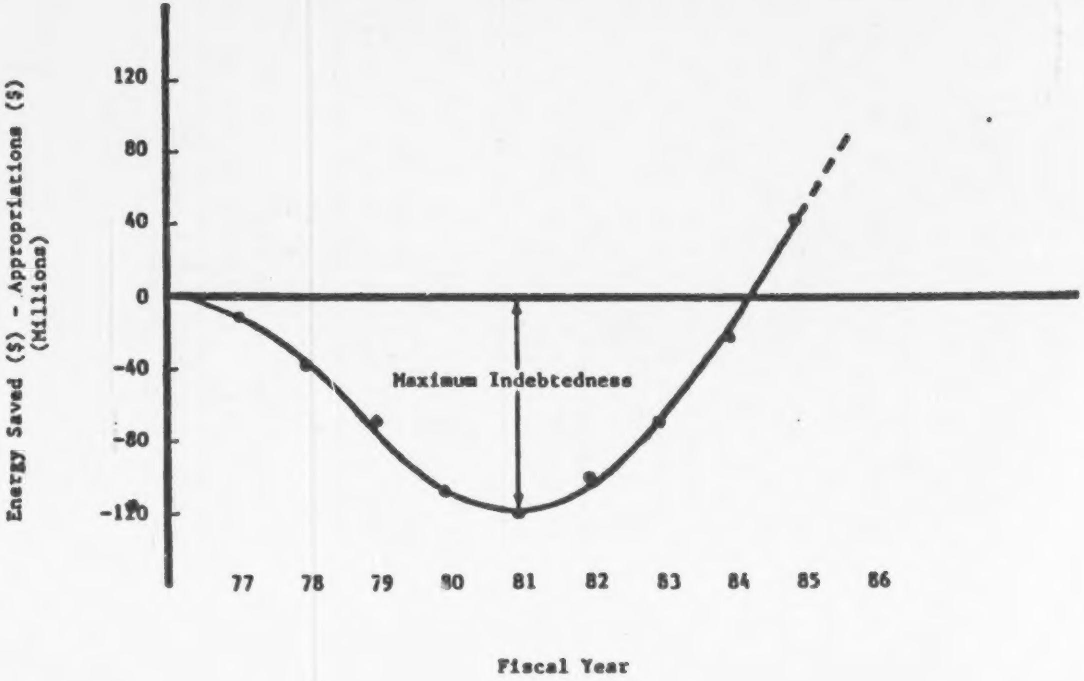
The financial history of the public investment in the program is illustrated on the following page.

PROGRAM BENEFIT/COST ASPECTS

CUMULATIVE APPROPRIATIONS THROUGH FY 1985 = $311,145,000

CUMULATIVE PRODUCTION COST SAVINGS TO 1985 (23 SUCCESSFUL TECHNOLOGIES) = $353,000,000

OVER 200 R&D PROJECTS SUPPORTED TO DATE



NON-ENERGY BENEFITS

The national benefits of industrial energy conservation research and development activities extend beyond energy savings. Each technology must reduce the total cost of production in order to penetrate an industrial market. In addition, since the extraction, production, and distribution of primary forms of energy are extremely capital intensive in comparison to energy conservation technology, a result of implementation of conservation technologies is a net increase of capital available for investment in the U.S. A significant number of new jobs are thus created. At the same time, enhanced efficiency also causes net reductions in pollutants.

A recent study of the economic and other indirect effects of technologies completed by the Industrial Energy Conservation Program estimated the non-energy impacts shown on the following two pages (for years 1985 and 2010, respectively). More difficult to quantify are the incremental contributions of the IP technologies to our industries' competitiveness in world markets and the degree of production technology leadership U.S. industry has gained on its foreign counterparts.

ESTIMATED ANNUAL NON-ENERGY IMPACTS OF IP DEVELOPED TECHNOLOGIES IN 1985

TECHNOLOGY	INCREASED EMPLOYMENT (MAN-YEARS)	INCREASED CAPITAL PRODUCTIVITY* ($ IN MILLIONS)	REDUCTION IN POLLUTANTS (TONS)				
			PARTICULATES	SULFUR DIOXIDE	BOD	SUSPENDED SOLIDS	PHOSPHATES
Boiler Workshops	670	34.00	320.0	1,600	(6.30)	110.0	0.31
Catalytic Reactor	22	1.10	10.0	52	(0.20)	3.5	0.01
Cogen.-Coal-Fired Steam Turb.	35	1.80	17.0	83	(0.33)	5.7	0.02
Cogen.-Slow-Speed Diesel	200	10.00	97.0	480	(1.90)	33.0	0.09
Coil Coating	500	25.00	240.0	1,200	(4.70)	81.0	0.23
Computer-Controlled Oven	20	1.00	9.6	48	(0.19)	3.3	0.01
Cupola Stack Air Injection	1	0.06	0.6	3	(0.01)	0.2	0.00
Dye Bath Reuse	42	2.10	20.0	99	(0.39)	6.8	0.02
Energy Analysis & Diagn. Centers	1,300	68.00	640.0	3,200	(13.00)	220.0	0.63
Foam Finishing	130	6.80	64.0	320	(1.30)	22.0	0.06
Heat Exchanger-Dryer	18	0.93	8.8	44	(0.17)	3.0	0.01
High-Efficiency Weld Unit	11	0.53	5.0	25	(0.10)	1.7	0.01
Hyperfiltration - Textiles	1	0.07	0.6	3	(0.01)	0.2	0.00
Irrigation Systems	1,000	51.00	480.0	2,400	(9.40)	160.0	0.47
Nitrogen-Methanol Carbur.	500	25.00	240.0	1,200	(4.70)	82.0	0.23
ORC Bottoming Unit	13	0.68	6.4	32	(0.13)	2.2	0.01
Pipe-Cross Reactor	62	3.10	30.0	150	(0.58)	10.0	0.03
Plating Waste Concentrator	1	0.03	0.3	1	(0.01)	0.1	0.00
Recuperators (AiResearch)	110	5.80	55.0	270	(1.10)	19.0	0.05
Recuperators (GTE)	490	25.00	230.0	12,000	(4.60)	79.0	0.22
Slot Forge Furnace	180	9.30	88.0	440	(1.70)	30.0	0.09
TOTALS	5,300	270.00	2,600.0	23,000	(50.00)	870.0	2.50

---

* Net increase in capital availability

ESTIMATED ANNUAL NON-ENERGY IMPACTS OF IP DEVELOPED TECHNOLOGIES IN 2010

TECHNOLOGY	INCREASED EMPLOYMENT (MAN-YEARS)	INCREASED CAPITAL PRODUCTIVITY* ($ IN MILLIONS)	REDUCTION IN POLLUTANTS (TONS)				
			PARTICULATES	SULFUR DIOXIDE	BOD	SUSPENDED SOLIDS	PHOSPHATES
Boiler Workshops	670	34	320	1,600	10	110	0.3
Catalytic Reactor	44,000	2,200	21,000	110,000	660	7,200	21.0
Cogen.-Coal-Fired Steam Turb.	58,000	2,900	28,000	140,000	860	9,400	27.0
Cogen.-Slow-Speed Diesel	86,000	4,400	41,000	200,000	1,300	14,000	40.0
Coil Coating	1,700	85	800	4,000	25	270	0.8
Computer-Controlled Oven	38,000	1,900	18,000	90,000	570	6,200	18.0
Cupola Stack Air Injection	4,200	210	2,000	10,000	63	680	1.9
Dye Bath Reuse	3,200	160	1,500	8,000	48	520	1.5
Energy Analysis & Diagn. Centers	1,800	93	880	4,000	28	300	0.9
Foam Finishing	8,700	440	4,200	21,000	130	1,400	4.0
Heat Exchanger-Dryer	9,900	500	4,700	23,000	150	1,600	4.6
High-Efficiency Weld Unit	7,000	360	3,400	17,000	110	1,100	3.3
Hyperfiltration - Textiles	500	25	240	1,200	8	82	0.2
Irrigation Systems	1,300	68	640	3,200	20	220	0.6
Nitrogen-Methanol Carbur.	1,700	85	800	4,000	25	270	0.8
ORC Bottoming Unit	38,000	1,900	18,000	89,000	570	6,100	17.0
Pipe-Cross Reactor	1,000	51	480	2,400	15	160	0.5
Plating Waste Concentrator	3,700	190	1,800	8,700	55	600	1.7
Recuperators (AiResearch)	30,000	1,500	14,000	71,000	450	4,900	14.0
Recuperators (GTE)	41,000	2,100	20,000	98,000	620	6,700	19.0
Slot Forge Furnace	3,300	170	1,600	8,000	50	550	1.6
TOTALS	380,000	19,000	180,000	910,000	5,800	63,000	180.0

---

* Net increase in capital availability

QUESTIONS FROM SENATOR EVANS

LEAST-COST PLANNING

Question 118: About $1 million was budgeted for least-cost planning initiatives in FY 1986, but none in FY 1987. (a) Please describe the nature and scope of the planned least-cost planning initiative for FY 1986. How will the automatic reduction caused by Gramm-Rudman-Hollings affect the program? (b) Why have you chosen to eliminate this program for FY 1987?

Answer: (a) The Congress for FY 1986 directed DOE to develop a research plan for improved least-cost planning in consultation with the National Association of Regulatory Utility Commissioners (NARUC), the Edison Electric Institute (EEI), the Electric Power Research Institute (EPRI) and others. DOE has let a contract through Pacific Northwest Laboratory to a competitively selected contractor to develop a draft overview plan surveying information needs in the private sector, based on interviews with NARUC, EEI, EPRI and others. The draft plan is due in early April. Meanwhile, DOE is using a public briefing scheduled for March 12 to obtain recommendations from utilities, State commissions, conservation groups and others on the research plan and other "least-cost" activities that might be undertaken as part of this program. On a continuing basis, DOE has reviewed the research and analysis activities of the Department's national laboratories and is preparing and distributing "one-page" descriptions that will enable all those interested within the utility industry to request further in-depth copies of the research desired. Further, DOE has made presentations and met with representatives from NARUC, EEI, EPRI and other organizations to describe the background of the program, the possible future activities, and to solicit ideas and recommendations. The Department is also preparing materials that can be made available this spring to utilities, commissions, and others, including reports on completed research and research in progress, and is studying various methods of making this information available, including mailing services and electronic bulletin boards. Based upon the information from the sources described above, DOE intends to prepare a detailed research plan called for by Congress. The program is functioning as planned within the budget reductions of the Gramm-Rudman-Hollings law. The reduced amount available for the program is $951,000. (b) DOE believes that the funding approved by Congress for FY 1986 is adequate "seed money" to stimulate utilities and commissions to accelerate their least-cost planning. It is after all in their own self interest to do so. Therefore, the FY 1987 budget assumes that the work performed this year, plus a growing experience base among the utilities and their industry organizations (EPRI and EEI) will allow the utility industry-at-large to use least-cost planning as part of its overall planning process.

QUESTION FROM SENATOR EVANS

CONSERVATION GRANTS

Question 119(a): In your testimony, you mentioned that the LIHEAP program will be continued on a level funding basis. But, at the same time, DOE is proposing to eliminate the grants to state energy offices (EPCA grants) to carry out various conservation activities, including low-income weatherization. I understand that HHS has turned over most of the LIHEAP funds to state energy offices to administer, since they are the ones with administrative expertise in weatherization. How will you be able to ensure that the low-income weatherization funds are effectively spended if, at the same time, you propose to eliminate the conservation grants for state energy offices?

Answer: In FY 1987, program efforts will be directed toward the orderly close-out of these programs including the Weatherization Assistance Program, which provides for weatherizing the homes of low-income persons, including the elderly and handicapped. Over the years, the States have expanded their capability to function without Federal involvement in these program areas. The State and local government is the governmental level which is closest to the needs addressed by these programs. We believe that the State and local governments will have adequate resources to carry out those conservation activities which they consider to be most effective and useful. It is anticipated that up to $3 billion will be made available to the States through the settlement of petroleum pricing violation cases and these funds will be available to help finance weatherization and other energy-related activities. This, together with the President's request for LIHEAP, is more than double recent appropriated funding levels. Program direction funding is requested to provide for an orderly transition from Federal to State operated programs and to provide technical assistance to those States that may require some help in making that transition.

QUESTIONS FROM SENATOR EVANS
CONSERVATION GRANTS

Question 119b: Relating to the Exxon settlement funds, is DOE going to consider any administrative changes to facilitate the spending of such funds in an expeditious and local manner by the states (such as eliminating restrictions on capital expenditures)?

Answer: The restitutionary amounts ordered to be refunded by the District Court for the District of Columbia will be paid by Exxon to the U.S. Treasury for Exxon's violations of the Emergency Petroleum Allocation Act of 1973. The funds will be distributed to the states in accordance with the Court's order.

The Department of Energy is not considering any administrative changes relating to the Exxon funds.

QUESTIONS FROM SENATOR J. BENNETT JOHNSTON

Question 120: Your budget request is $12.1 billion and if you subtract the receipts generated by DOE programs ($2.247 billion) the amount left is what your budget would contribute to the deficit, is that right? That's about $9.85 billion and of this military programs would account for 84% of that figure or about $8.3 billion. Is that correct?

Answer: The figures are arithmetically correct, but they are misleading. The DOE budget proposes a program level of $12.1 billion of which $8.2 billion is for Atomic Energy Defense Activities. The fact that some DOE activities are business enterprises which produce revenues does not change the portion of the budget applicable to military programs or increase its contribution to the Federal deficit.

If one looks at the total resources available to the Department in FY 1987, that is, budget authority plus all revenues which result from the Department's activities, including uranium enrichment and Power Marketing Administration revolving funds, the figure is $19 billion. Our Atomic Energy Defense Activity is only 43 percent of this figure.

QUESTIONS FROM SENATOR J. BENNETT JOHNSTON

DOE FY 1987 BUDGET HEARING

Question 121(a): According to the Strategic Defense Initiative Office, prior to the time that the President made his famous Star Wars speech (March 23, 1983) this Administration was projecting an FY 1987 DOE budget request of $365 million for the anti-ballistic missile programs. After the President's speech we now see you are requesting almost twice that amount or $603 million for Star Wars in DOE programs in FY 1987. Is that your budget request? Why did his giving that speech require a near doubling of DOE's effort on anti-ballistic missile research?

Answer: Prior to President Reagan s 1983 speech, the Department of Energy did not identify a budget request specifically for anti-ballistic missile defense. However, the Department is requesting $603 million for Strategic Defense Initiative (SDI) activities in FY 1987 which includes research on both nuclear directed energy weapons (NDEW) and nuclear space power concepts. The Department of Energy's (DOE) role in NDEW research is a critical pacing item in the overall SDI program approved by the President. The funding increase for the DOE-SDI program from 1986 to 1987 is necessary to determine the technical feasibility of NDEW concepts and, by such determination, provide data to the Department of Defense to assess Soviet counter-defensive threat capability by the early 1990's or sooner. Assessment of the Soviet defense suppression and ballistic missile defense capability is required as soon as possible to evaluate potential impacts on major segments of the Department of Defense's SDI program including sensors, surveillance platforms, and other space-based assets.

QUESTIONS FROM SENATOR J. BENNETT JOHNSTON

DOE FY 1987 BUDGET HEARING

Question 121(b): Please supply for the record what the DOE budget has been for the SDI program for FY 1984, 1985, 1986, and your 5-year projections for this program.

(Dollars in Millions)

Answer:

	Actual FY 1984	Actual FY 1985	Adjusted FY 1986	Request FY 1987
Defense Programs	$ 118.0	$ 215.0	$ 269.9	$ 536.0
Nuclear Energy	5.0	8.8	17.8	66.7
Total	$ 123.0	$ 223.8	$ 287.7	$ 602.7

	Outyear Projections FY 1988	FY 1989	FY 1990	FY 1991
Defense Programs	$ 685.4	$ 703.8	$ 722.9	$ 690.9
Nuclear Energy	126.0	128.0	128.0	109.0
Total	$ 811.4	$ 831.8	$ 850.9	$ 799.9

Questions from Senator Johnston

GRAMM-RUDMAN

Question 122:	How much do you anticipate raising in FY 1987 from the sale of the Naval Petroleum Reserves? How did you arrive at that figure? If the NPR is not sold, would the President's budget overall reach the Gramm-Rudman target of limiting the deficit to $144 billion in FY 1987? The table entitled "Federal Government Totals" on page 3-2 of the Budget of the United States Government for Fiscal Year 1987 suggests that it wouldn't.
Answer:	The reserves were estimated to be worth approximately $3 to $5 billion. A mid-range estimate of $3.6 billion in sale proceeds has been distributed between FY 1987 ($1.2 billion) and FY 1988 ($2.4 billion) in the President's budget to reflect uncertainties in the timing of the transactions. At the end of Fiscal Year 1985 we estimate that the Federal government owns 550 million barrels of oil, which may be worth, based on recent surveys of oil field sales, nearly $6 per barrel. In addition, the reserves contain significant quantities of natural gas and natural gas liquids which add to the value of the assets. If the reserves are not sold it would adversely affect reaching the Gramm-Rudman deficit target of $144 billion.

QUESTIONS FROM SENATOR JOHNSTON

SALE OF NATIONAL ASSETS

Question 123:	How much revenue do you anticipate raising from the sale of the power marketing agencies? In what years?
Answer:	No revenue from the sale of the power marketing agencies was projected in Fiscal Year 1987. Revenues are projected in Fiscal Years 1988-1991 as follows: 1988, $1.6 billion; 1989, $1.2 billion; 1990, $5.4 billion; and 1991, $4.4 billion. The four year total is $12.6 billion. These figures represent gross proceeds from the sales minus the revenues foregone by defederalization. These estimates were based on the assumption that the sale price would be the amount of the unpaid Federal investment at the time of the sale. We fully recognize that the actual sales price and the timing of the sales could differ from these projections.

QUESTIONS FROM SENATOR JOHNSTON

SALE OF NATIONAL ASSETS

Question 124:	Isn't the whole purpose of deficit reduction to limit the demand government makes for capital in the private markets? Isn't that the primary evil of deficit spending? Won't the sale of the NPR likely result in the private money markets financing purchase of the NPR? So what are you accomplishing?
Answer:	The primary objective of the divestiture of these energy assets is to allow functions which can be performed more appropriately by the private sector to be removed from Federal responsibility. In the case of the Naval Petroleum Reserve, this transfer would involve replacing public debt with private debt. However, the additional capital burden this transaction would place on the private sector does not negate the benefits to be obtained through privatization.

QUESTIONS FROM SENATOR JOHNSTON

SALE OF NATIONAL ASSETS

Question 125: Now that oil prices are the lowest since President Reagan took office why are you now proposing that the Government sell the NPR?

Answer: As I mentioned above, the primary objective of the divestiture of these energy assets is to allow functions which can be performed more appropriately by the private sector to be removed from Federal responsibility. The issue of getting a fair return for the tax payer for these reserves will be a high priority in our pursuit of the sale. While it is true that oil prices have declined substantially due in large measure to Reagan Administration policies, this should not deter the proposed sale of the NPRs in FY 1987 for two reasons. First, the value of the oil fields has declined much less sharply than oil prices, mainly because the value of oil fields is based on expectations of future prices, not current prices. Second, although it is true that a sale of the NPRs in 1987 would yield less revenue than a sale would have yielded in 1981, it also is true that the value of the NPRs, if retained as Government assets, has declined as much or more. In 1981, for example, the NPRs produced $1.5 billion of net revenues. In 1986, they will produce $0.9 billion, a decline of 40 percent.

QUESTIONS FROM SENATOR JOHNSTON

SALE OF POWER MARKETING AGENCIES (PMA's)

Question 126(a): How much revenue do you intend to raise from the sale of the PMA's? What is the fair market value of what you propose to sell? (A Heritage Foundation analyst estimates they are worth $66 billion.)

Answer: We estimated net revenue of $12.6 billion over the period Fiscal Year 1988-1991. This figure represents the gross proceeds from the sale minus the revenues foregone by defederalization (based on the assumption that the sales price would be the amount of the unpaid Federal investment at the time of the sale). There have been a wide variety of opinions expressed on what the "fair market value" of these assets would be. The $66 billion figure referred to was primarily based on the concept of "avoided cost" (or current replacement value). We recognize this is an open issue and consider the estimates in the budget to be just that--estimates. We plan to obtain a wide range of expert advice on the subject of valuation. In the end, of course, the fair market value of any asset is what you can sell it for.

QUESTIONS FROM SENATOR JOHNSTON

Sale of Power Marketing Agencies (PMA's)

Question 126(b):	In your testimony you referred to the sales price of the PMA's as "plug numbers". These numbers are included in the President's budget projections as anticipated receipts, are they not? Is the anticipated payment to the Treasury of $235 million in revenue collections for uranium enrichment included as anticipated receipts in the President's budget? Where is it in the budget?
Answer:	The anticipated receipts from the sale of the PMA's are not projected to begin until the sale of Southwestern and Bonneville in FY 1988 and therefore, are not reflected in the FY 1987 numbers. The budgeting for the $235 million repayment of prior Federal investment in the Uranium Enrichment enterprise is handled wholly within the Uranium Enrichment account. This account is proposed for appropriation on a net basis -- that is, obligational needs and Capital Transfers to the General Fund less receipts -- resulting in a net zero appropriation request. The $235 million is included in the Capital Transfer to the General Fund.

QUESTIONS FROM SENATOR JOHNSTON

Sale of Power Marketing Agencies (PMA's)

Question 127:	Do you expect that the cost of power sold by the PMA's would rise to market rates after the PMA's are sold? If not, why not?
Answer 127:	The impact on the cost of power sold by the PMA's has not yet been determined. The rates would be affected by a number of variables, such as the final amount of the sale price and the terms of the sale. Task groups will be established to deal with each of the PMA's. This course of action is designed to keep open as many options as possible. The final decision will determine what effect there would be on power rates. Existing power rate regulation, however, is based on the actual cost of power rather than marginal or market-based pricing.

QUESTIONS FROM SENATOR JOHNSTON

PROPOSED DEFERRAL

Question 128:	You have proposed the deferral of funding for construction of SPR facilities including Big Hill. Most of these funds were the subject of a proposed deferral last year which the Congress recently overturned. How can you justify redeferring the same funds Congress explicitly refused to defer in the prior year? If you can get away with that you have the equivalent (or better) of a line-item veto, don't you?
Answer:	The proposed deferral reflects the Administration's studied view that the Strategic Petroleum Reserve (SPR) currently affords the level of protection originally contemplated by the Congress, when viewed in the reality of the existing crude oil marketplace. Given all competing priorities and expenditures having significance to the country's national security posture, the Administration thus concluded that further expansion of SPR capacity need not occur in Fiscal Year 1987. The Administration has also concluded that this situation will continue to be carefully monitored with a view to resuming such construction should circumstances so require. In view of these considerations, we believe the President's deferral proposal fully warrants consideration by the Congress on its policy merits in the legislative process, a

practice consistently observed by the Congress in addressing previous such proposals made by the President.

QUESTIONS FROM SENATOR JOHNSTON

STRATEGIC PETROLEUM RESERVE SCHEDULE

Question 129:	Is the Administration backing off the current policy of completing Big Hill and filling the SPR to 750 million barrels? When do you intend to complete Big Hill, if at all?
Answer:	The Administration is proposing an indefinite moratorium on Strategic Petroleum Reserve storage capacity development and oil fill after FY 1986. This policy will be reviewed periodically in light of oil market developments and Federal budget conditions, and options are being kept open for resuming capacity development and fill on short notice in future years. However, no specific schedule for completing the full 750 million-barrel program has been established.

QUESTIONS FROM SENATOR JOHNSTON

FUTURE OIL IMPORT LEVEL

Question 130:	The EIA forecast of oil imports released last year as well as the forecast they will release in about two weeks shows U. S. oil imports in 1995 will double from current levels. Why shouldn't we be completing Big Hill and continuing a minimum fill rate while oil prices are low?
Answer:	It is true that many energy projections indicate that the reductions in oil prices over the past several years could stimulate an increase in U. S. oil imports during the 1990's. However, it should be noted that such projections have been unreliable in the past because of the substantial economic, oil market, and technological uncertainties involved. Furthermore, the desirability of further oil fill for the Reserve is affected not only by quantitative increases in anticipated oil import levels but, more importantly, by the level of the risk that foreign oil supplies to the U. S. and our allies might be abruptly curtailed in large quantities for extended periods and not significantly off-set by production elsewhere. A higher level of oil imports does not necessarily imply a higher level of interruption risk, because oil supply disruptions may have their source in non-market political, military, and social developments in producing regions. Thus, the Administration does not propose to base its current investment plans for the Reserve on long-range import forecasts alone.

QUESTIONS FROM SENATOR JOHNSTON

"AS-BUILT" DRAWINGS

Question 131: The contractors tell us that DOE is in a very big hurry to close down the Big Hill project--such a hurry that DOE doesn't want to complete the "as-built" drawings at Big Hill. How will we know what we've got at Big Hill if these drawings are not completed? Didn't DOE just complete a big baseline study two years ago investigating possible mismanagement at the SPR that specifically recommended creating multidisciplinary teams to review "as-built" drawings at SPR facilities? Now you won't even complete these drawings at Big Hill?

Answer: The "as-built" drawings for the electrical system, which is the only operational system at Big Hill, will be completed.

Marked-up design drawings reflecting "as-built" conditions, which contain all of the information for the final "as-builts" will exist by the end of July 1986, when the Walk, Haydel & Associates contract is complete.

The remaining as-built drawings can be prepared from those drawings, should construction be resumed at a later date.

QUESTIONS FROM SENATOR JOHNSTON

QUALITY ASSURANCE

Question 132:	Another specific point made in that baseline study that was investigating past mismanagement and misconduct in the SPR was the need for quality assurance people. DOE is insisting that these people be cut from the current level of 13 people to 3 people at Big Hill. Aren't you in danger of repeating the same mismanagement of SPR that you blamed on prior administrations?
Answer:	The current level of 26 quality assurance (QA) people would be required if there were contract award and construction of the remaining work at Big Hill (Brine and Raw Water Pipelines, Crude Oil Pipeline and Stage 2). It should be emphasized that 13 of this total QA staff was located in New Orleans to perform internal Walk, Haydel audits and provide source surveillance support for designated contractor and Government-supplied equipment. Three QA personnel in New Orleans are adequate to perform the limited source surveillance and internal Walk, Haydel & Associates QA audits scheduled between now and the completion of currently ongoing construction. The QA staff at the site remains at the 13 level and is adequate to assure the proper completion of the currently ongoing construction contracts which are nearly complete.

QUESTIONS FROM SENATOR JOHNSTON

ENERGY CONSERVATION

Question 133: In preparing the budget did DOE consult with the Energy Research Advisory Board? What was the sequence of events? Is your budget consistent with their recommendations?

Answer: DOE program officials met with the Energy Research Advisory Board (ERAB) Demand Panel to discuss Conservation program activities in the Summer of 1985. The ERAB recommendations relating to Conservation are contained in the report Guidelines for DOE Long Term Civilian Research and Development: Overview and Summary, and in more detail in the Report of the Demand Panel for the ERAB Long-Range Energy R&D Strategy Study.

In addition, ERAB's Executive Director participated in a National Research Council Workshop which reviewed Conservation's Multi-Year Planning Process in late November 1985. Conservation programs have reviewed their recommendations which are directed to the more basic research components of the programs. In general, the Conservation proposal is consistent with the ERAB recommendations although ERAB was not asked for advice in the budget preparation process for the reasons stated in the answer to Question 116.

QUESTIONS FROM SENATOR JOHNSTON

A-E TITLE III SERVICES

Question 134: The DOE/SPR Transition Plan dated February, 1986, states that Title III services at Big Hill currently being provided by 40 employees of the A-E contractor, will "be performed in-house by Government personnel as opposed to extending the existing Architect-Engineer (A-E) services contract". Who, specifically, are these civil servants, by name, and what are their qualifications and credentials to supply these services?

Answer: At the conclusion of the current Stages 1A and 1B construction activities, the only remaining construction work at Big Hill necessary to put the site in standby condition is the restoration of the drill cuttings pond, the erection of a perimeter fence, some seeding work to prevent erosion, closing of conduit and sealing of wire and the extension of the cathodic protection system. The civil servants who will perform Title III inspection of this work include Messrs. Leon Lehr and Jerry Conner at Big Hill, supported by a contract administrator, Ludolf Ingwersen, as well as Messrs. Gary Vincent and Henry Buse in New Orleans. All of these individuals, except for the contract administrator, are degreed mechanical, civil and electrical engineers. Three of these engineers are Registered Professional Engineers. They have an aggregate of 100 man-years of experience in this type of engineering and construction.

QUESTIONS FROM SENATOR JOHNSTON

SYSTEM DATA

Question 135: In view of the strong language contained in DOE's "Baseline Assessment of the SPR/PMO" dated October 24, 1983, supporting the Integrated Logistics System (ILS) and the need for significantly improved documentation, what specifically is the justification for the decision to delete each of the following efforts from the program.

1. Operations and maintenance manuals?
2. Equipment data books?
3. "As-built" drawings?

Answer: (1) None of the major systems at Big Hill are operational (except for electrical); therefore, operation and maintenance manuals are not required during standby, but will be developed at a later date prior to initiation of site operations. However, individual equipment manuals supplied by the construction contractor contain operation and maintenance data which will be used by the Management, Operations and Maintenance contractor during the interim.

(2) Data for all equipment have been received from the contractors. These will not be bound into data books, but all of the required information will exist.

(3) As previously addressed, all of the marked-up design drawings reflecting "as-built" conditions will be prepared. Therefore, all of the required data will be available.

QUESTIONS FROM SENATOR JOHNSTON

QUALITY ASSURANCE

Question 136:	The A-E services contractor currently has 13 Quality Assurance Engineers assigned to Big Hill. The contracting officer has issued direction to reduce this support to 3 full-time-equivalents. The "Baseline Assessment of the SPR/PMO" dated October 24, 1983, clearly found that the quality assurance (QA) function and discipline was not operating with priority. How does DOE justify this drastic reduction of the QA level of effort? Who, specifically, is accepting responsibility for continued system integrity without this critical support?
Answer:	As previously mentioned, the 13 quality assurance (QA) people assigned to the Big Hill project located in New Orleans were required for completion of all major construction at Big Hill. Since new Big Hill construction is not planned to be initiated in the near term, this level of QA support is not required. It should be noted that the Management, Operations and Maintenance contractor has a qualified QA organization which will assure the continuation of systems integrity at Big Hill.

QUESTIONS FROM SENATOR JOHNSTON

A-E SERVICE CONTRACT

Question 137: Prior to the contracting officer's issuance of technical direction to the A-E services contractor dated January 28, 1986, the DOE requested, and the contractor provided technical recommendations for consideration in developing the transition plan. In issuing the technical direction, the contracting officer deleted approximately 70 percent of the work to be completed at Big Hill. By what criteria does the DOE term this action to be an "orderly completion" of construction activities at Big Hill?

Answer: The tasks that were deleted from the Walk, Haydel & Associates scope of work are not required to place the site into a standby condition. These tasks can and will be accomplished when construction activities are resumed at a later date.

QUESTIONS FROM SENATOR JOHNSTON

BIG HILL SITE

Question 138:	What percent of the Big Hill site is complete? How much has been obligated to date? What is the cost estimate for completing the site? (a) Not including leaching operations? (b) Leaching operations alone?
Answer:	The Department has not revised estimates of the cost to complete Big Hill reflecting developments over the past six months. Hence the information we are providing is subject to change.

Obligations in connection with the Big Hill site were $168 million through the first quarter of fiscal year 1986, of an estimated $466 million total cost had development proceeded in fiscal year 1986. Thus from a funding prospective, the Big Hill project is approximately one-third complete.

The fiscal year 1987 budget assumes the obligation of a further $51 million at the Big Hill site through fiscal year 1991 under the moratorium proposal, hence had development proceeded in fiscal year 1986, approximately $247 million would have been required to complete development. Of this amount, approximately $151 million would have been for construction and $96 million would represent operational costs largely associated with leaching activities.

QUESTIONS FROM SENATOR JOHNSTON

COST AND SCHEDULE CONTROL SYSTEM CRITERIA

Question 139: In view of the strong support for Cost and Schedule Control System Criteria reporting documented in the "Baseline Assessment of the SPR/PMO" dated October 24, 1983, what is DOE's rationale for deleting this requirement from the current A-E services contract?

Answer: Based on the remaining work within the current A/E services contract for Big Hill between January and July 1986, it was determined that a less costly reporting system could replace the current Cost and Schedule Control System reporting and be adequate for management control of the contract.

QUESTIONS FROM SENATOR JOHNSTON

BIG HILL FUNDING

Question 140: Is the action being taken on Big Hill due to funding limitations for FY 1985 or FY 1986 budget authority?

Answer: The action being taken on Big Hill is due to the need to reduce Federal budget outlays in the current and future fiscal years and the opportunity to do so through a moratorium on further development and fill of the Strategic Petroleum Reserve as a result of significant improvements in world oil market conditions and in the nation's energy security that have occurred since the initial schedule for completing the Reserve was set in the late 1970's. It is not due to insufficiency of budget authority for the FY 1985-86 period.

QUESTIONS FROM SENATOR JOHNSTON

FY 1986 DEFERRAL

Question 141:	If FY 1985 funds are involved, why does this not constitute an illegal impoundment of funds? Funds which you currently have available for the completion of Big Hill?
Answer:	The Administration has reported a deferral of Strategic Petroleum Reserve account funds under the provisions of the Impoundment Control Act and considers this deferral to be permissible under current law. Of the $198 million deferred from FY 1986 to future years, an estimated $41 million is derived from FY 1986 appropriations and the remainder represents funds available from FY 1985.

QUESTIONS FROM SENATOR JOHNSTON

DURATION OF DEFERRAL

Question 142: If this is indeed a "deferment" instead of "termination" then how long will the deferment last? If this is to be over a one or two year deferral, will further work be required at Big Hill to insure maintaining facilities in good order? If so, what will this cost at that time be compared to doing such additional work now?

Answer: The Administration proposes a moratorium on Strategic Petroleum Reserve storage capacity development and has no fixed schedule for resuming development. We intend to maintain the Big Hill site in a state of readiness to resume construction, if warranted, and our budget forecasts approximately $41 million for standby operations over the FY 1987 - FY 1991 period, though it is conceivable that this full amount may not be required. We expect that maintaining Big Hill in a standby condition will require preventive maintenance actions on installed equipment that would not otherwise be required. The estimated average annual costs for these actions are approximately $8 million. These annual costs would not involve any additional work to develop the site.

QUESTIONS FROM SENATOR JOHNSTON

REDEFERRAL OF FUNDS

Questions 143: Please tell the committee exactly how DOE will proceed if the Comptroller General rules that this second attempt to defer over $200,000,000 in FY 1985 funds constitutes an illegal impoundment of funds? Would you accept such a ruling, or would you fight it?

Answer: The Comptroller General's opinion of February 25, rendered under 2 U.S.C. ¶685(b) concerning Deferral No. D86-37 indicated that the deferral was improper and that the funds should be released for obligation. Ordinarily these funds would be released for obligation promptly after the Congress enacts, and the President approves, legislation acting upon the President's proposal. This is the course of action that was adopted by the Department last year, when the Congress chose not to adopt a similar proposed deferral.

Whether the Department will be required to make these funds available earlier based upon the reasoning contained in the Comptroller General's opinion presents legal issues that merit careful examination. The Department has begun its review of these issues, and will advise you as promptly as possible of the results of that review.

Questions from Senator Bingaman

Research and Development Budget

Question 144: Are you satisfied with the Research and Development budget? I am especially interested in your thoughts regarding the the Fossil Energy and Solar and Other Renewable Programs. These large scale reductions in our nation's Research and Development effort seems inconsistent with the federal governmment's responsibility for maintaining the nation's energy security. The most recent National Energy Policy Plan (1985) projects that U.S. oil production will decline by 25% or more over the next 25 years, meaning a significant increase in our reliance on imported oil.

Is it not important for this country to pursue ways to stretch our existing fossil fuels and seek to make alternative technologies competitive with our major trading partners? How does this budget accomplish this goal?

Answer: The reduted budgets do not reflect changing goals, but only the need to concentrate resources on the highest priority projects and programs. We believe the Department's budgets for Fossil Energy and Solar and Other Renewables provide adequate funds for essential programs. Our program goals continue to be increased use of our vast fossil fuel resources in an environmentally acceptable manner and supporting promising alternative energy technologies, and budget resources are directed toward achieving these goals.

The programs proposed in the 1987 budget request represent the real core of Administration policy in these areas, providing sufficient funds for high-quality basic technology development in fossil and renewable energy and in conservation. They also provide funds for applied research and development which, when properly leveraged by private funds, will support the transition of the best new technologies from laboratory to industrial development.

QUESTION FROM SENATOR BINGAMAN

STATE ENERGY CONSERVATION PROGRAMS

Question 145: It appears that this budget will severely cut into the support that the states have received over the years in energy conservation programs. Everything from weatherization to institutional conservation programs to the energy extension service is being eliminated. How does the Department of Energy expect states to assume responsibility for all these programs? Aren't these programs extremely cost effective in terms of the benefits the nation receives in increased energy efficiency?

Answer: The energy efficiency improvements undertaken with these funds have been worthwhile Federal investments. While Federally supported, these energy conservation programs established the state and local, public and private infrastructure necessary for the continuation of these programs as state responsiblities. The pay-off from the Federal leadership role has been realized: all states now have an established infrastructure and information for leveraging energy conservation funding in concert with the public and private sectors. A comprehensive data collection system on the programs' effects has been developed. Analysis of data collected during the Energy Extension pilot program indicated that every Federal dollar spent through EES by the states leveraged $16 of private investment in energy efficiency improvements. Additionally, the energy efficiency improvements undertaken through these programs have been cost-effective, proving that energy conservation is a good investment.

For these reasons we believe that state and local governments will be able to carry out those efforts which they consider to be most effective and useful. In addition, oil overcharge monies will be available to them to use for conservation programs.

QUESTIONS FROM SENATOR BINGAMAN

FY 1987 BUDGET REQUEST

146 a): What is the status of compliance by our national laboratories with respect to state and federal environmental statutes? I know that this has been one of your priority areas since arriving at DOE.

The Secretary's Environmental Policy Statement of January 8, 1986, states that all DOE facilities are to be operated in an environmentally safe and sound manner and in compliance with the letter and the spirit of all applicable laws and regulations. The national laboratories are subject to this policy. However, some of the laboratories currently have areas of occasional noncompliance not untypical of any highly regulated activity. In addition, there may be environmental regulatory concerns, primarily in the hazardous waste area, associated for the most part, with past operations. The Departmental Environmental Survey which is to begin in June 1986 and be completed in the summer of 1988, will evaluate all DOE facilities to identify any major environmental problems, including specific areas of regulatory noncompliance that require corrective action. The identified problem areas will be prioritized agency-wide for remedial action.

146 b): Are you satisfied that there is sufficient money in this budget to allow the labs to meet the requirement of these laws?

The Department has problems and requirements that extend beyond the resources available in the current budget. Particularly in the hazardous waste area the problems have been built over time, tend to require substantial study, expensive, and sometimes long-term remediation.

The current budget puts DOE on a path toward meeting all its environmental compliance needs. In particular, the Environmental Survey which is funded by this budget will identify major environmental compliance problems at DOE facilities so that they can be met through prioritized funding. Additionally, in FY 1986 and 1987 we are performing certain critical remedial action.

146 c): Who is responsible for paying the fines that are levied when there is non-compliance because budget resources are inadequate?

It is the Department's policy not to reimburse contractors for fines and penalties except where the fine or penalty is incurred in the performance of their contracts or as the result of actions carried out with the written approval of the DOE contracting officer. Moreover, DOE will perform this indemnification only so long as the liability was not the result of the contractor's willful misconduct or lack of good faith. Under the scenario described (violations resulting from inadequate budget resources) DOE would reimburse the contractor.

QUESTIONS FROM SENATOR BINGAMAN

MAGNETIC FUSION ENERGY PROGRAM

Question 147: What do you see as the future of the magnetic fusion program? Your budget documents indicate that the Department is continuing to support a program focused on the toroidal magnetic confinement system (TOKAMAK)? However, many believe that there are alternatives to this system that may offer greater chances of success. How does the decrease of nearly 10% in this program help us move forward with these alternatives such as the work being carried out in the new facility at Los Alamos National Laboratory?

Answer: The decrease in the level of funding for fusion research was necessary in order to proceed within the overall budget limitations of the Department. Nonetheless we believe that the fusion program offers significant potential for providing the country with an alternative source of energy and that this budget request provides for a balanced program to address the four remaining key technical issues.

One of the remaining key technical issues to be addressed in the development of the science and technology base for magnetic fusion energy is confinement concept development. While budget constraints have forced us to defer our work on linear systems, we are continuing our work on toroidal systems. The tokamak is the most developed of these toroidal concepts and offers a number of possibilities for improvement. Nevertheless, we agree that it is very important to maintain breadth in our toroidal research program, in order to improve our scientific understanding of fusion physics, and to identify the

QUESTIONS FROM SENATOR BINGAMAN

IMPLEMENTATION OF SECTION 1534 OF DOD AUTHORIZATION ACT, 1986

Question 148: Please advise us on the status of the Department's implementation of Section 1534 of the 1986 DOD Authorization Act that deals with the activity of DOE contractors. As a member of the Armed Services Committee, I worked in Conference to provide you the authority to issue regulations that may be different from those used by DOD. I did this in recognition of the unique nature of DOE's contractual relationship with the national laboratories. However, I understand from an article in "Nucleonic Week" that the Department is planning to take a very agressive approach to the Lab's activities? Can you please tell us what you plan to do?

Answer: We have drafted proposed amendments to our existing procurement regulations applicable to Management & Operating (M&O) contractors (includes the National Labs) and plan to publish such revisions in the Federal Register for comment. To ensure Federal-wide uniformity, the draft DOE regulations, to the maximum extent practicable, are consistent with the regulations proposed by DOD, as directed by the conferees on page 515 of the applicable Conference Report (H. Rep. No. 99-235). Appropriate changes to the DOD criteria have been made, where necessary, to clarify unique DOE policies. For example, the draft regulations recognize as allowable (1) the cost of providing scientific and technical advice to Congress when requested by a Chairman or Ranking Minority Member of a committee/subcommittee and (2) advertising costs for purposes of transferring technology to State and local governments and to the private sector. Such differences will be reported to the House and Senate Armed Services Committees prior to final rulemaking.

we do not plan to promulgate "unique" changes to our DOE regulations for all other contractors (non-M&O) doing business with DOE. Those contractors will be subject to the Federal Acquisition Regulation which is being amended on a Federal-wide basis to incorporate the requirements of section 911 of the DOD Authorization Act, 1986.

QUESTION FROM SENATOR BINGAMAN

URANIUM ENRICHMENT LITIGATION

Question 149: I understand that DOE moved to stay its appeal of the district court's declaration that the new enrichment contract is null and void until the completion of DOE's rulemaking. However, the Tenth Circuit Court has ordered an expedited briefing schedule for March. What are DOE's plans if the Tenth Circuit upholds the invalidation of the contract?

Answer: On February 12, 1986 the United States Court of Appeals for the Tenth Circuit assigned this case to Calendar B under that court's local rules, and ordered a normal (rather than an expedited) briefing schedule specified by the local rules for such cases. DOE has already begun the process of revising the uranium enrichment criteria by publication of a Notice of Proposed Rulemaking on January 29, 1986. It is the government's position that the adoption of revised criteria will moot the legal issues now before the Court of Appeals. DOE anticipates proceeding with this revision of the criteria independent of further progress in this litigation.

QUESTIONS FROM SENATOR JEFF BINGAMAN

Uranium Enrichment

Question 150: I understand that DOE argues that it does not wish to impose an enrichment limitation on foreign source uranium for domestic end-use as required by Section 161v of the Atomic Energy Act because the agency argues that utilities would go abroad for enrichment. But DOE has supplied no data or analyses to support that point. Would you supply your analysis in the next ten days on this issue?

Answer: Import restrictions would have no long-term positive effect on the consumption of domestic uranium. As long as DOE's enrichment services costs are competitive with foreign services, customers will procure either domestic or foreign uranium for feed material based solely on economic considerations. They will seek enrichment services from the cheapest source and use the cheapest uranium, foreign or domestic. In the short-term, an import ban might increase consumption of domestic uranium temporarily since existing DOE customers would weigh the comparatively high costs of terminating their enrichment contracts against the comparative prices of domestic and foreign uranium. The comparatively high near-term costs of terminating contracts would, in effect, subsidize some higher-priced domestic uranium. This effect would be temporary and could not assure the long-term viability of the domestic industry.

Answer 150
(continued):

Import restrictions would have undesirable effects on both the U.S. uranium industry and the DOE enrichment business. A sweeping limitation likely would cause many of DOE's customers to reconsider their enrichment contracts with DOE. Many of these customers currently may be paying a premium for the reliability they expect from dealing with the U.S. Government. The uncertainty about the future operation of the U.S. enrichment program engendered by an import embargo would diminish their willingness to pay such a premium and thus increase the likelihood they might seek enrichment services from abroad. Information available to DOE suggests that for a uranium price difference of as little as $10 per pound, a U.S. utility could cancel its DOE enrichment contract, pay the termination fee, buy enrichment services overseas, and save money. Lost sales resulting from such terminations could reach at least $300 million annually by 1988. Losses of this magnitude would force DOE to further curtail operations at its enrichment plants, increasing the unit cost of production.

These developments would be detrimental to the U.S. mining and milling industry. Most domestic DOE enrichment customers currently obtain a large percentage or all of their uranium requirements from domestic sources whereas the customers of

Answer 150 (continued): DOE's competitors almost invariably use foreign uranium. If DOE customers were to terminate their contracts in favor of overseas enrichers, they might obtain all of their natural uranium from foreign producers who offer attractively priced package deals. Thus, the loss of enrichment sales to domestic utilities by DOE could further damage the U.S. mining industry.

While DOE does not believe restrictions to be appropriate at this time, it has taken steps to help the domestic uranium mining and milling industry, including offering a limited free variable tails option and requesting an examination of the issues by the United States Trade Representative (USTR). Specifically, the Secretary formally requested the USTR to undertake an examination of imports of uranium to ascertain the appropriate available courses of action under the U.S. trade laws with respect to importation of source material or special nuclear material. In his letter to the USTR, the Secretary expressed his belief that examination of trade matters in the first instance by those familiar with the issues was preferable to an independent finding of injury by DOE under Section 170(B) which automatically would trigger an investigation under Section 201 of the Trade Act of 1974.

Answer 150 (continued): In his December 26, 1985 response, the USTR stated:

> "...action under the U.S. trade statutes does not appear to be appropriate in regard to both the short and long-term problems facing the domestic uranium mining and milling industry. Moreover, any remedy granted under existing law which might provide the extent of relief requested by the industry would only be short term, while at the same time having an adverse impact on our trade and other relations with important trading partners without resolving the long-term problems of the industry."

The USTR found the principal cause of the problems in the domestic mining and milling industry to be the failure of anticipated demand to materialize and the resultant excess inventory. The response did not recommend import restrictions under section 161(v) of the Atomic Energy Act, and found the major consequence of any such restrictions "would be the shift of enrichment activity from U.S. Government facilities to foreign facilities, thereby eroding the position of U.S. enrichment enterprises."

DOE believes its actions concerning the domestic mining and milling industry are entirely consistent with, and supportive of, Congressional intent. In 1982, Congress considered and specifically rejected legislation to require mandatory restrictions on importation of foreign origin uranium. A proposed amendment to the Nuclear Regulatory Commission Authorization Act would have required the Nuclear Regulatory

Answer 150 (continued): Commission (NRC) to issue criteria restricting the importation of source material and special nuclear material. 128 Cong. Rec. Sec. 2968-2970 (daily ed. Mar. 30, 1982). The conference committee rejected this amendment and reported a bill which contained a provision to require the Secretary, when foreign uranium imports reached a level of 37.5 percent, to revise DOE's enrichment criteria "so as to encourage the use of domestic origin uranium in domestic nuclear powerplants." 128 Cong. Rec. Sec. 13054 (daily ed. Oct. 1, 1982) (remarks of Senator Domenici); see also, 128 Cong. Rec. H. 8803 (daily ed. Dec. 2, 1982) (remarks of Rep. Udall and Rep. Lujan). This provision, however, was rejected by the House of Representatives, (Id. at H. 8809), and a substitute provision was agreed to by both Houses. 128 Cong. Rec. Sec. 15316 (daily ed. Dec. 16, 1982). In the substitute measure, section 170(B) of the Atomic Energy Act (codified at 42 U.S.C. 2210(b)), Congress deleted all references to mandatory import restrictions and, instead, provided for, *inter alia*, (1) the annual viability determination by the Secretary; (2) the possibility of an investigation under section 201 of the Trade Act; and (3) the Secretary to request the Secretary of Commerce to initiate an investigation pursuant to 19 U.S.C. 1862 if uranium imports from executed contracts or options are projected at a level of 37.5 percent for a consecutive 2-year period.

QUESTIONS FROM SENATOR JEFF BINGAMAN

Uranium Enrichment

Question 151: The proposed DOE budget calls for the write-off of $4 billion of the $7.5 billion debt DOE owes the Treasury for its uranium enrichment program. I understand that DOE argues that it needs this subsidy in order to compete. How can DOE square this subsidy with the agency's refusal to do anything for the domestic uranium industry which, in contrast to DOE's enrichment program, has a statute specifically stating that it must be maintained in a viable condition?

Answer: DOE does not believe its pricing actions represent a subsidy. DOE proposes to return the U.S. Treasury $3,457 million of unrecovered Government costs. The reduction of $4,065 million in the amount to be recovered is the equivalent of acknowledging that this plant capacity will not be used in current or future enrichment operations. We believe this action is consistent with standard business accounting practices and was found to be so by the General Accounting Office (GAO) audit of our FY 1984 financial statements.

Interest will be added to the amount to be recovered by applying to the average annual outstanding balance an interest rate of 6.319 percent, the weighted average of Treasury interest rates applicable in the years in which net increases in Government costs occurred.

Answer 151 (continued): Concerning the domestic uranium industry, DOE believes that import restrictions would have no long term positive effect on the consumption of domestic uranium as was explained in our answer to question 150.

QUESTIONS FROM SENATOR JOHN D. ROCKEFELLER IV

CLEAN COAL TECHNOLOGY PROGRAM

Question 152: During your appearance before the Energy Committee, I asked several questions regarding the clean coal program and some of the specifics of the Final Program Opportunity Notice (PON). In particular, I expressed concern about the way in which the specific provisions of the PON section on recovery of the Government's contribution to the project would affect potential participation in the clean coal program. With that in mind, I have the following questions:

a. Is it the intention of DOE to recoup costs out of revenues or from profits that result from successful completion of the project?

b. In one of your responses before the Committee you indicated that DOE would keep the repayment provisions sufficiently flexible so that potential participants would not be discouraged to apply. How do you intend to make this flexibility known, and how will a generalized rule be derived from an approach that appears to be a case-by-case determination?

c. Since you agreed in testimony that there is no Congressional mandate to require repayment of the Government's contribution to a clean coal project, please cite the specific statutory authority, or regulations, that enable you to create this revenue raising requirement?

d. How will you determine profits/revenues in a situation where the project sponsor has its profits/revenues regulated by the independent regulatory body?

Answer: a. It is DOE's intention to recover an amount up to the Government's contribution to the project from net revenues from the operation (after operating costs) of the demonstration project beyond the operating phase of the cooperative agreement, and from the commercial sale, lease, manufacture, licensing or use of the technology demonstrated under the program.

b. A modification to the PON was issued which clarifies DOE's recovery provision. It will apply to all projects funded under this program, but is sufficiently flexible to accommodate differences among proposals.

c. The Administrative Provisions of the Department of the Interior and Related Agencies Appropriation Act, 1986, P.L. 99-190, applicable to the Department of Energy provide authority for DOE to share any project revenues generated from projects funded under the Act. In particular, the Act provides, in pertinent part, that -

> "The Secretary is authorized to accept lands, buildings, equipment, and other contributions from public and private sources and to prosecute projects in cooperation with other agencies, Federal, State, private, or foreign: Provided, That revenues and other moneys received by or for the account of the Department of Energy or otherwise generated by sale of products in connection with projects of the Department appropriated under this Act may be retained by the Secretary of Energy, to be available until expended, and used only for plant construction, operation, costs. and payments to cost-sharing entities as provided in appropriate cost-sharing contracts or agreements: Provided further, that the remainder of revenues after the making of such payments shall be covered into the Treasury as miscellaneous receipts:..."

d. Profits and revenues will be determined by means of accounting arrangements which are based on generally accepted accounting principles and techniques. The fact that the utility's overall profits and revenues are regulated by an independent regulatory body will not affect these profit and revenue figures, although DOE assumes that the utility will keep the regulator apprised of its participation in the project.

QUESTION FROM SENATOR ROCKEFELLER

Progress on Acid Rain Related Issues

153a. President Reagan's special envoy for negotiations with the Canadians, Ambassador Lewis, along with his Canadian counterpart, has recommended a $5 billion U.S. effort -- one-half government funded, one-half industry -- to demonstrate technology that will reduce the production of sulfur dioxide, thereby addressing the acid rain phenomenon. President Reagan will soon meet with the Canadian Prime Minister.

a. What progress do you think President Reagan will be able to report to the Canadians?

Answer: With regard to the specific recommendations given in the joint report of the Envoys', the Administration is reviewing these and the President is expected to have a position on each to discuss with Mr. Mulroney at their March 18 meeting. It is premature for me to provide details on this review at this time.

However, let me speak to other U.S. progress addressing acid rain and the management of pollutants commonly associated with acid rain. Some of the progress since early 1985 was not reported in the Envoys' report, yet, deserves mention. EPA has set new regulations on controlling emissions from plants having flue stacks greater than the long-accepted appropriate heights; this one regulation is expected to reduce utility plant sulfur dioxide emissions in excess of one million tons per year, and require industrial boiler emissions to be decreased. The majority of these reductions will happen in States that the Canadians believe most affect transboundary emissions. EPA, in March 1985, announced new controls for heavy duty engines that are expected to cause nitrogen oxide emissions from all sources to remain generally constant through 1995. Review of several other regulations has been announced that may lead to changes that will continue to assure that annual national nitrogen oxides emissions levels remain stable or decline. EPA continues to promulgate and propose a large set of regulations for controls for new plants concerning emissions related to acid rain: sulfur dioxide, nitrogen oxides and volatile organic compounds.

Additionally, development of new control technology options, emphasized in the President's State-of-the Union Address in 1984, continues, and has shown considerable promise for both retrofit and replacement applications. The Clean Coal Technology Program authorized by Congress last December should result in some of these efforts moving closer to wider commercial acceptance.

Our effects research continues to be well funded and has produced greater understanding of atmospheric and ecological processes. However, many crucial relationships are not sufficiently resolved at this point.

Generally, our programs in gaining understanding, determining extent and trends of impacts, developing control technology options, and reviewing and revising regulatory options continue to be effective. These activities and their results represent significant progress in a number of the areas in which recommendations were made by the Envoys.

QUESTIONS FROM SENATOR JOHN D. ROCKEFELLER IV

DREW LEWIS RECOMMENDATION

Question 153: Mr. Secretary, President Reagan's special envoy for negotiations with the Canadians, Ambassador Lewis, along with his Canadian counterpart has recommended a $5 billion U.S. effort -- 1/2 government funded, 1/2 industry -- to demonstrate technology that will reduce the production of sulfur dioxide thereby addressing the acid rain phenomenon. President Reagan will soon meet with the Canadian Prime Minister.

b. With regard to the clean coal program, what further revisions would we expect to make in the clean coal program if the negotiations with the Canadians continue to progress along the path set by the special envoy?

Answer: The Clean Coal Technology Program (CCTP) now being initiated at DOE has much in common with the innovative technology demonstration program recommended by the envoys, but also has some differences.

The $397.6 million CCTP will, in the envoys' terms, actually be at a minimum an $800 million program when one includes industry cost-sharing at the minimum required ratio of 50-50. Of course, if the projects selected involve higher industry cost-sharing ratios, the total will be higher. For example, if the industry cost-share averaged 75% the total program size could be over $1.5 billion.

There are two major differences between the two programs.

- Size and Duration. The envoys recommended a $5 billion, 5 year program versus the $800 million to $1.5 billion, 3 year CCTP.

- Projects that have the potential for the largest emissions reductions, measured as a percentage of emission reduction (measured as a percent of SO_2 or NO_x removed).

- Within the above, achieve reductions at the cheapest cost per ton.

- Emphasize technologies applicable to the largest number of existing sources.

- Emphasize sources that contribute to transboundary air pollution.

- Emphasize facilities currently dependent on use of high sulfur coals.

There are some ambiguities in the presentation of the criteria for the Drew Lewis recommendations, including whether an acid rain program would be applicable to other than retrofit projects.

The DOE program, in contrast, is not limited to either specific types of coal or specific market applications. The legislative history for the Clean Coal Technology Program requires that there be a full and open competition and that the solicitation be open to all markets utilizing the entire coal resource base.

The report, and specifically the recommendation for the innovative control technology demonstration are currently under review by the Administration. It is expected that a response will be forthcoming by the time of the next U.S./Canada summit meeting on March 18, 1986.

QUESTIONS FROM SENATOR JOHN D. ROCKEFELLER IV

COOPERATIVE R&D VENTURES POOL

Question 154: Mr. Secretary, I would appreciate a detailed explanation of the new effort to create a fossil R&D venture pool, to take R&D beyond the so-called "proof of concept" stage and to help move technologies toward commercialization.

a. Please tell me how you think this program will work?

b. The venture pool idea, as I understand it, requires two or more companies to work with the government on a project. That approach, while familiar to Japan, is somewhat foreign to many U.S. corporations. How many takers do you think you will get for this program?

c. What is your intention with this program in future years -- is this a one-shot trial or will it grow in future years?

Answer: a. The proposed joint venture program will be initiated in FY 1987 as a "pilot effort" which, if found to be an attractive approach, could result in the transformation of much of Fossil Energy's industrial research. This funding pool will be used to participate in industry-formed R&D cooperative ventures consistent with the National Cooperative Research Act of 1984. Proposed ventures will be evaluated and judged in terms of their responsiveness to national goals and objectives as well as the quality and value of the proposed venture. The nature of the Cooperative Act of 1984 will restrict work to precommercial (and therefore proof-of-concept) levels of maturity, which is where we believe a federal role is appropriate. The approach will allow industries to join with each other and the government in applied research and development activities that may serve to achieve our energy goals.

The joint venture concept is intended to give the private sector greater flexibility, commensurate with their increased financial responsibility, in proposing specific technologies or U.S. resource development strategies and establishing project priorities. This approach is also intended to improve the transfer of any taxpayer-supported research and technology to U.S. industry and ultimately to commercial practice.

b. In the past few months, since information relative to this approach has become more and more available, we have been approached by over a dozen companies seeking more information and expressing interest in being a part of such a program. These companies were hesitant to make any commitments or firm statements until they had more information on the detailed structure of the actual approach or solicitation and the restrictions that may apply. Because of this, it is impossible to estimate, at this time, the actual number of responses that we are likely to obtain. It is hoped that, by working with industry prior to the issuance of a solicitation, a viable approach to leveraging Federal dollars while insuring that we were actually moving in the proper direction can be assured. Also, the increased flexibility and risk sharing afforded to industry, commensurate with their increased financial responsibility, may make such projects more attractive to certain industrial entities who have not worked cooperatively with the Government in the past.

c. The intent for FY 1987 is to set aside $12,500,000 for cooperative ventures that, while not precluding other technologies, are aimed primarily at extraction technologies. It is hoped that as the Department and industry both gain experience, increasing portions of the Department's applied (i.e., industry-performed) R&D can be funded in this way.

QUESTIONS FROM SENATOR JOHN D. ROCKEFELLER IV

FY 1987 FOSSIL ENERGY R&D STAFFING

Question 155: You indicated in your testimony that you would supply for the record some information regarding fossil energy staffing. For your benefit, I would repeat my question for the hearing record, as follows:

Your budget shows staffing for the fossil energy R&D function. That is made up of headquarters staff, the energy technology centers and some miscellaneous personnel. According to your budget and staffing figures, you intend to reduce personnel by 23%, down to 539 employees in 1987. How do you intend to make that reduction since you are still bound by the provisions of Public Law 97-257 which mandates 754 employees in fossil energy, and specific numbers in each of the energy technology centers?

Answer: The floors were originally established by P.L. 97-257 mandating 754 employees. This legislation was subsequently amended by P.L. 98-369, effective August 22, 1984, which established a Fossil Energy floor of 700 of which not less than 135 are assigned to Headquarters, 280 to PETC, 270 to METC, and 35 unspecified.

The staffing levels proposed in the FY 1987 budget request assume repeal of the floor. Fossil Energy will, however, comply with the employment floors as established in P.L. 98-369 until such time as Congress repeals them.

Listed below is a summary of FTE's by organization under a Congressional floor versus the FY 1987 budget request.

Organization	Congressional Floor	FY87 Budget Request	Delta
FE Research & Development			
Headquarters	135	109	- 26
Morgantown ETC	270	210	- 60
Pittsburgh ETC	280	220	- 60
Bartlesville PO	15	0	- 15
Totals	700	539	-161

The FY 1987 requested FTE budget levels reflect the minimum number of personnel needed to effectively manage and provide oversight of the proposed balanced Fossil Energy R&D program. The current legislative restrictions on employment reduce management flexibility to adjust and reassign staffing to achieve maximum effectiveness.

DOE does have the flexibility within the FTE's proposed in the FY 1987 budget. We will attempt to effect these reductions in staff through attrition. We will conscientiously attempt to minimize any adverse effects on employees who would be affected.

PROPOSED FISCAL YEAR 1987 BUDGET REQUEST

(Department of the Interior)

TUESDAY, FEBRUARY 18, 1986

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 2:10 p.m., in room SD-366, Dirksen Senate Office Building, Hon. James A. McClure, chairman, presiding.

Present: Senators McClure, Wallop, Hecht, Evans, Metzenbaum, and Bingaman.

Also present: Gray G. Ellsworth, chief counsel; Richard D. Grundy, senior professional staff member; Jeff Arnold and Faith Haywood, professional staff members; D. Michael Harvey, chief counsel for the minority; and Thomas B. Williams, professional staff member for the minority.

OPENING STATEMENT OF HON. JAMES A. McCLURE, A U.S. SENATOR FROM THE STATE OF IDAHO

The CHAIRMAN. Good afternoon.

This afternoon, we reconvene our budget hearings with testimony from the Secretary of the Department of the Interior, Donald Paul Hodel.

The Department of the Interior has a special role as the steward of our Nation's natural resources.

As Secretary Hodel appreciates, the last 5 years of budgetary restraint have presented a seemingly unending series of difficult choices.

While each decision has a significant natural resource policy implication, each decision also affects the daily lives and livelihoods of current and future Americans.

Those of us from the West have long recognized the side effects of so-called budget proposals, such as those involving grazing and user fees. But, during the last 5 years, such budget decisions have come to equally affect all regions of our country.

The Department of the Interior budget for fiscal year 1987 is $6.18 billion. This is less than that of 5 years ago, for fiscal year 1981, which was $6.6 billion. But, more importantly, once again we see many of the same, old proposals that the administration has recycled for each of the last 5 years.

We all have different ideas on which programs of the Department should be emphasized.

But rather than devote our attention to areas of agreement, the administration seems to continue to focus on the areas of disagreement.

As we proceed with the current budget debate, I'm sure that my concerns, as well as the priorities of the committee and the Congress, will quickly again become evident.

As the budget and appropriations processes move forward, I hope to work closely with you, Mr. Secretary, as we have in the past, to see the proposals that can be accommodated within a fiscally responsible budget for fiscal year 1987 come about.

Before we begin your testimony, Mr. Secretary, I would defer to other members of the committee if they wish to make an opening statement.

Senator Metzenbaum.

STATEMENT OF HON. HOWARD M. METZENBAUM, A U.S. SENATOR FROM THE STATE OF OHIO

Senator **Metzenbaum**. Mr. Chairman, I am happy to welcome Don Hodel to this meeting. I found occasion in the past to disagree with him, and I have found occasion in the past to agree with him.

But I must say today I think we are in disagreement because I'm concerned about your indicated intent to commercialize Ellis Island. Frankly, I think that that's an affront to the millions of immigrants who passed through there on their way to freedom.

Frankly, I don't know what's behind your firing of Lee Iacocca. It doesn't really mesh very well. It doesn't sound quite correct to say that you can't be raising the money and spending the money.

Somehow, Don, that is sort of illogical. In fact, it's just contrary to what would seem to me to be normally the facts.

I don't know whether it was a political decision or what the decision was. I don't know Mr. Iacocca well, except that I've said hello to him at some gatherings. So I'm not here to be an advocate for him.

But it concerns me as to what's going on in the Department vis-a-vis Ellis Island. And what also concerns me is why is the Department of the Interior always thinking about giving things away. You're not the "Welfare Department," and yet, you give away water to agribusiness, you give away grazing land to ranchers. What an absurd proposition that was, that we learned the other day, where I don't know how many Senators—I think 18 or 28 Senators—wrote and said that this idea of charging a fair rate for grazing land to ranchers should be postponed for a year, and everybody in the administration stood there and applauded and said that's a wonderful idea, but after the elections, of course.

And now you want to give away Ellis Island, and you want to do it to the developers.

You're laughing, but I'm crying. [General laughter.]

Secretary **Hodel**. I thought you were being humorous, Senator. [General laughter.]

Senator **Metzenbaum**. Well, with some humor and tears at the same time, Don.

Secretary **Hodel**. I do look forward to a chance to clarify what is obviously a misunderstanding as to what is going on and what my intentions are.

Thank you.

Senator **Metzenbaum**. All right.

You know, you were quoted as saying that the Department is considering numerous options for development of Ellis Island.

Now, I'm told that earlier this month the National Park Service recommended the Hotel Convention Center Plan to the Architectural Subcommittee of the Statue of Liberty-Ellis Island Commission.

I don't know if that's true or not and I think we'd like to learn the facts.

But I do have to say to you that while we're considering your budget, I think you owe us some answers with respect to the issues, some of the issues, where the Department has been overly generous to certain sectors of the country, mainly the West and the Southwest, and without any reason or logic that I can understand.

Thank you, Mr. Chairman.

The **Chairman**. Senator Wallop.

Senator **Wallop**. Mr. Chairman, I have no statement that I dare to make.

The **Chairman**. Do you have any statement that you even could make?

Senator **Wallop**. I left my voice at Laramie. I will trade my statement for one question.

The **Chairman**. All right.

Senator Hecht.

Senator **Hecht**. Thank you, Mr. Chairman.

I have no opening statement because of another committee meeting and I am going to have to leave.

But I am going to submit some questions for you to provide answers about different problems in our own particular State.

Thank you.

The **Chairman**. Thank you.

Senator Bingaman.

STATEMENT OF HON. JEFF BINGAMAN, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator **Bingaman**. Thank you, Mr. Chairman.

Mr. Secretary, I want to commend you for your efforts to develop what I think is a reasonably balanced budget, particularly as compared to the one that we were discussing this morning from the Energy Department.

I want to address a couple of issues.

First, I've heard concerns of many who fear that the proposed 1987 budget and the ramifications of Gramm-Rudman-Hollings on the 1986 budget could result in more limited access to the public facilities on our public lands, such as the visitor centers. I think those who helped draft the legislation that created national parks and forests obviously intended that those be open to the American people as much as possible. I would hope that every effort could be made to provide adequate funding to allow continued public access throughout this year.

Second, I'll also ask you a few questions when my time comes about assumptions that are made regarding potential revenues from increased park fees. It's my understanding that the reliance on those fees seems to be a precondition for the funding of certain programs, perhaps some of the lesser known programs in your department.

It strikes me that perhaps some of the cultural resources of the country could suffer if the increases in fees that you're proposing are not approved and implemented in this budget. I'd like to know how that would work out, as you see it.

Third, of course, I'm somewhat concerned about the administration's lack of interest in land acquisition. I understand current fiscal constraints. However, I think acquiring some additional lands, when they become available, is wise and enhances our national public lands system.

I'll look forward to asking you questions, Mr. Secretary.

Thank you, Mr. Chairman.

The CHAIRMAN. Senator Evans, do you have an opening statement?

Senator EVANS. No.

I have no opening statement.

The CHAIRMAN. Mr. Secretary, thank you again for the cooperation that you've given this committee and individual members of it over the period of your tenure in this particular job and in the earlier jobs you have held.

We look forward to hearing your testimony.

STATEMENT OF HON. DONALD PAUL HODEL, SECRETARY, DEPARTMENT OF THE INTERIOR

Secretary HODEL. Thank you, Mr. Chairman.

I have a statement for the record.

The CHAIRMAN. It will be included in the record in full.

INTERIOR BUDGET OVERVIEW

Secretary HODEL. Let me summarize very briefly that statement, as to its thrust, and then perhaps deal with some of the questions that have been raised during the opening statements of members of the committee.

I appreciate very much this opportunity to be with you, and I think it will be useful not only in discussing matters relevant to the appropriations process, but also to other matters which are going on within the department.

When I've talked about this budget, before I could talk about the details of it, I sometimes said to people who asked me what would be happening with our budget that this is, when you see it, going to be what I would call a "business as usual budget." By that I meant, and I said as much at the time, that if you would have looked at the past five budget submissions of this administration, you would not be shocked by any of the things you saw in this budget.

I think that's a fair characterization of the budget.

This does not mean, however, that we are, therefore, in agreement with this committee or the Congress on everything that ought to be in our budget, because the Congress clearly does dispose differently of the proposals which we make each year.

RECREATION FEE PROPOSAL

I made the decision in an effort to come up with an 1987 budget that met the requirements of the Gramm-Rudman-Hollings law for 1987 that we would try to emphasize operating expenses so that we could maintain the operational activities of this department as much as possible. And, as a result, one of our major proposals is to request the legislative authority to increase the fees at parks, fees which had been frozen since the 1970's. If we could obtain that authority, we could, in fact, have a situation in which, in 1987, the park budget for operations, which relates to the ability to keep open these facilities and deal with the people who visit the parks, would actually increase 8 or 9 percent. We would be able to provide this funding level because we have obtained from the Office of Management and Budget an agreement that that legislative proposal would permit 80 percent of the funds collected at the parks to be retained by the Park Service. That would then be divided not only between the Park Service generally but also with the specific park units collecting the fee.

We thought that this was quite an important achievement. It actually gives us some prospect of a user fee which directly relates to the people providing it. My experience in visiting the parks this last summer was that we have extremely low fees that have been there for a long time. People recognize they're so low, so that as many of the parks they have these contribution boxes which are collecting, in one particular park, $90,000 a year in voluntary donations. And there is no pressure to do so. I mean, nobody has their hand out. There's just a box, and if you walk by and feel like putting money in it, you can.

I think that manifests not only tremendous support for the parks, but also a recognition that the fees have been demonstrably lower than should be.

That's a major proposal which underlies the budget before the committee.

OTHER MAJOR PROPOSALS

We have two proposals for legislative changes which, I'm acutely aware, are not popular with at least some of the members of this committee and some Members of the Congress.

One is that we would pay net revenues to the States from receipts from the O&C lands and that we would pay net revenues to the States from the collection of rentals and bonuses and royalties from the oil, gas, and other mineral activities on the Federal lands. That is, I think, one of those proposals that we have made in the past that has not found favor with the Congress.

I would like to point out, Mr. Chairman, however, that this year we have not proposed that there be a change in the Wallop-Breaux legislation which added significant sums to the Dingell-Johnson account. This means that, based on our estimates of receipts in that account in the last 2 years, expenditures for those activities will rise 324 percent, as compared to what they were just 2 years ago.

I am prepared to talk about our proposals with regard to the 8(g) disposition, as they are set forth in our budget. I have a suspicion that if Senator Johnston is not here, perhaps I would have to repeat myself, and perhaps it would be wise for me to wait until Senator Johnston is here.

If I may turn, then, Mr. Chairman, to responding to some of the questions that were raised, I think it would be appropriate.

STATUE OF LIBERTY-ELLIS ISLAND CONTROVERSY

The most important thing to come out of the discussions over this last week with regard to the Statue of Liberty-Ellis Island Centennial Commission and the Statue of Liberty-Ellis Island Foundation is that Lee Iacocca has determined that he will remain as chairman of the Foundation. That means he will be the person who organizes and handles the celebration in July, that he will collect the remaining $35 million necessary to complete that fund drive.

There has been some confusion that he was removed from the entire process. By no means is that true. He well knows that, and I think it's well understood by those closest to the activity.

The question that's been raised with regard to commercialization of Ellis Island is one in which it is interesting that the concern should be raised from the particular quarter; because, as you know, I have had to defend Mr. Iacocca on more than one occasion from accusations that he has overly commercialized the collecting of money for the Statue of Liberty.

I have felt that he has done an excellent job, and I have commended him publicly, and I continue to do so. But the charge of commercialization has been thrown around.

The Park Service, I may say, is particularly sensitive to not wanting to be in the position to "commercialize" national monuments. They have a professional approach, a very deeply concerned approach, to these kinds of issues.

But there can be genuine and deep differences of opinion between people as to what constitutes commercialization. One man's commercialization is another man's historic preservation—is a fair way to look at it.

Now, I have not gotten into the details because, frankly, I think the most important thing for me as a result of last week is that we now have an independent commission of 50 very responsible citizens who will look at at least four, and maybe more, different approaches to the restoration of Ellis Island. They can, I believe, independently, and perhaps with multiple points of view, give us some advice as to what is the appropriate thing to do there.

Ideally, what will happen is the foundation, controlled by Mr. Iacocca, with $230 million in its hands, does not have to spend a penny that it doesn't agree with. The Park Service doesn't have to permit anything to be spent or used on Ellis Island unless they agree with it.

Those are the two parties who ultimately must be in agreement for the money to be spent in order for there to be restoration. It's my hope that the commission, the Ellis Island Commission, now headed by Armen Avedisian, will be able to help bring about an agreement between the foundation and the Park Service as to what is the appropriate thing to do.

CROSS-OVER MEMBERSHIP ISSUES

I need to emphasize, Senator, that the decision to ask Mr. Iacocca to take only the foundation position was not politically based on my part. It was a recognition that for 3 or 4 years, now, we have had a commission which has not dealt with any substantive policy questions. The foundation has been the dominant body, and, as a result, all of the recommendations have been coming from the foundation.

Finally, Mr. Iacocca himself focused my attention on this. You know, it's not always that we see where a possible inappropriate dual service arises. I didn't focus on this when I reappointed him to that commission position last fall. But, when his attorney, his general counsel, indicated that he, Mr. Iacocca, did not think it was appropriate to have cross-over membership between the two bodies, it struck me suddenly that membership was one thing, and chairmanship was far more important, because the chairman for the commission sets the agenda, sends out the materials, and basically determines what commission members see and have an opportunity to comment on.

I think it's imperative that those people have a clean and open opportunity to consider freely the options that will be presented.

I think, as a result, we can look forward to a restoration proposal that can obtain broad public support and will be acceptable to the Park Service and to the foundation. I don't think anybody has a "corner" on Ellis Island. There are 100 million people in America who can trace themselves or their ancestors back through that portal. So no one person or no handful of individuals represents the entire group.

GRAMM-RUDMAN-HOLLINGS IMPACT ON PARKS

With regard to the comments of Senator Bingaman, as far as my understanding from the Park Service is concerned, in 1986, our obligation to meet Gramm-Rudman-Hollings should have minimal effect on the operation of visitor centers and park facilities. If you take 4.3 percent out of the operating expense relating to a campground, ordinarily that would not require a campground to be shut down. In fact, many of our campgrounds have about a 100 day season, and for those with a 100 day season, it might mean that a half a week delay in opening or a half a week closing early, or something, would be called for.

I truly think we'll find that most managers in the Park Service will find a way basically to provide the same services that they did last year. I expect at the end of the year we will not see a significant difference.

One of the great opportunities we have here is to utilize more effectively some of the tens of thousands of volunteers in the parks.

The fees do hold high hope for us, however, because they provide, if the legislation can pass, an opportunity in 1987 not even to have the constraints that we fear we're going to have at worst in 1986. If the fee proposal is adopted, is acceptable—and Director Mott has been particularly persuasive on this issue, I think we can look forward to a 1987 in which we don't even have the same kind of constraints we're talking about in 1986.

LAND ACQUISITION FUNDING

Finally, with regard to land acquisition, you indicated you were concerned at our lack of interest in land acquisition.

The fact that we do not have money in our budget beyond a limited amount should not be construed as a lack of interest. I have tried to be clear that I recognize the importance of acquiring lands for the national parks and for fish and wildlife refuges. The problem we have is that in this current budget climate, making the judgment as to where our priorities are, it seems to me that, unless the land were in some kind of jeopardy, unless somebody were proposing to log it or mine it or develop it into condominiums or in some other way change its character so that in the future it would be unsuitable for a park, that the urgency to go out in this budget cycle and acquire it just for the sake of acquisition simply wasn't there.

So, we've asked for a very small amount of money which, together with carry-over funds from 1986, in fiscal year 1987 will permit us to acquire emergency acquisitions where there's jeopardy, will permit us to pay deficiency judgments, and hopefully work out easements where that's appropriate.

Our intention is to see to it that no lands designated to become a national park are changed in such a way that they become unsuitable, that we will acquire those or we will condemn them or we will seek an easement or exchange for them. We intend to protect that responsibility. We are interested in land acquisition. In fact, the problem is our priorities say we don't have the money for it this year.

[The prepared statement of Secretary Hodel follows:]

STATEMENT OF DONALD PAUL HODEL, SECRETARY OF THE INTERIOR BEFORE THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES FY 1987 BUDGET

FEBRUARY 18, 1986

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today in support of the President's FY 1987 budget for the Department of the Interior.

Our 1987 budget is equally sensitive to the President's efforts to reduce the Federal deficit and to managing and maintaining our public lands, parks, and other resources. Within available budgetary resources, we have chosen to emphasize operation and maintenance of public lands and facilities rather than new investments in construction and land acquisition. You will see in this budget that for operating activities, most of our bureaus will have more resources available, or at least as much, in 1987 as they had in 1986.

FY 1987 Budget

The 1987 Interior Department budget totals $6.2 billion in budget authority, a decrease of $184.3 million from the current 1986 estimate. Outlays in 1987 are estimated to be $6.6 billion, a $295 million reduction below the 1986 estimate of $6.9 billion.

Excluding the Bureau of Indian Affairs budget, which is considered by the Select Committee on Indian Affairs, and the budgets for the Fish and Wildlife Service and John F. Kennedy Center, which are under the jurisdiction of the Environment and Public Works Committee, the FY 1987 request for programs under the jurisdiction of this Committee is $4.1 billion, a reduction of $807 million from the 1986 estimate of $4.2 billion.

While providing sufficient funding to meet the Department's many and varied responsibilities, this budget contributes to reduction of the deficit. The Department's requested budget of $6.2 billion is at a level that, taken together with the other components of the President's budget, will achieve the FY 1987 deficit target established by the Gramm-Rudman-Hollings Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177).

Authorizing Legislation Required

Included in the FY 1987 budget are several items which require passage of authorizing legislation by the Congress. Our highest priority in this area is legislation for establishment of new recreation entrance fees and increases in fees already in place for the National Park Service. Fees have not risen since 1972 and are frozen by law.

Legislation will also be proposed for the Bureau of Land Management-Forest Service interchange ($3.4 million) and for payment of Minerals Management Service interest on refunds ($200,000). In addition, authorizing legislation is required for sharing net receipts from onshore mineral leasing and O&C grant lands; increasing the price of the Duck Stamp from $7.50 to $10.00; and authorization for Reclamation construction on the San Luis Unit of the Central Valley Project and for loans under the Small Reclamation Projects Act.

Effects of Gramm-Rudman-Hollings

As you know, the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings) will result in changes in 1986 budget and spending authority and outlay levels. For the Department in total, $256.6 million in budget and spending authority is sequestered, of which $218.1 million is permanently cancelled. Pursuant to section 256(a)(2) of the Act, budget and spending authority sequestered in many special and trust accounts is not cancelled. This authority, which totals $38.5 million, may not be obligated or spent during 1986, but will remain in the special or trust accounts and will be available in the future in accordance with and to the extent permitted by law, including Gramm-Rudman-Hollings. Reimbursable spending authority of $10.7 million and loan authority of $5.5 million will also be sequestered under P.L. 99-177. These sequestrations will reduce 1986 outlays for the Department by $202 million.

Other FY 1986 Changes

In addition to the effect of Gramm-Rudman-Hollings, our current 1986 estimates also reflect proposed supplementals of $311.7 million, and rescissions of $116.1 million in budget and contract authority.

FY 1986 fire supplementals of $34.5 million are proposed. Under existing authority, the Department transferred $34.5 million during 1985 from various accounts to help finance fire fighting and rehabilitation in national parks and on Indian lands. The budget proposes to reimburse these costs through 1986 supplemental appropriations of $9.5 million for the National Park Service and $25.0 million for the Bureau of Indian Affairs. For the Bureau of Land Management, 1985 fire fighting costs were provided in a supplemental appropriation of $70 million in the 1985 Supplemental Appropriations Act (P.L.99-88).

Other supplemental appropriations requested for 1986 are $270.9 million to implement the Compact of Free Association with the Republic of the Marshall Islands and the Federated States of Micronesia; $3.2 million for National Park Service mining and minerals evaluation costs in Alaska; $770,000 for Park Police pensions; $800,000 for the Minerals Management Service for interest on late payments; and $1.5 million to establish a trust fund for fisheries management to meet the agreements settling the Indian fishing rights dispute in Michigan.

Rescissions totalling $116.1 million are also proposed in 1986. Total 1986 budget authority for land acquisition in the amount of $24.3 million is proposed to be rescinded. The amounts by bureau are: Park Service, $19.3 million; and Fish and Wildlife Service, $4.95 million. In addition, $28.7 million in permanent Park Service land acquisition contract authority provided by the Land and Water Conservation Act is proposed to be rescinded. An additional $1.3 million of this contract authority is scheduled to be sequestered on March 1, 1986 under P.L. 96-177.

Other proposed rescissions are $35.9 million for state grants from the Land and Water Conservation Fund, $8.7 million from the Park Service 1986 construction appropriation, and $18.5 million for historic preservation grants to states and the National Trust for Historic Preservation. These rescissions are intended to restrain outlays in FY 1986 and 1987 to help meet overall deficit reduction goals.

Budget Increases and Decreases

Although decreases from 1986 are proposed for most of the Department's accounts, the 1987 budget proposes some program increases over amounts provided in 1986. The major areas of increase are for the operation of the National Parks, for surface mining reclamation and enforcement activities, and for Bureau of Reclamation construction.

Operation of the National Park System. The budget continues to place a high priority on protecting and preserving the Nation's unparalleled National Park System. FY 1987 funding of $655.5 million is proposed for park operations. This is an increase of $44.8 million from the current estimate and an increase of $31.5 million from the enacted 1986 appropriation.

The increase for park operations will be funded by establishment of new recreation entrance fees and increases in existing fees which have not risen since 1972 and are frozen by law. Legislation to provide for these fees has been cleared within the Administration and is nearly ready to be submitted to the Congress. The new and increased fees are projected to raise fee revenues of $73.8 million during 1987, an increase of $52.5 million over the 1986 level. Eighty percent of the fees collected ($59 million) will be returned to the National Park Service and will be dedicated to park operations and maintenance programs. The remaining 20 percent will be deposited in the General Fund of the Treasury. Under current law, all park fees are deposited in the Land and Water Conservation Fund for subsequent appropriation to finance Federal land acquisition and state recreation grants. The legislative proposal for recreation user fees will establish a permanent, indefinite appropriation that will channel fee revenues to more directly meet the costs of operating and maintaining the National Park System.

Surface Mining. To ensure continuation of the increased emphasis that the Department has placed on enforcement of the Surface Mining Reclamation and Control Act, the budget requests $100.9 million for the regulatory and technology programs administered by the Office of Surface Mining Reclamation and Enforcement (OSMRE). This is an increase of $15.7 million from the 1986 appropriation and an increase of $19.4 million from the current estimate, which reflects the sequestration of $3.6 million in budget authority permanently cancelled under P.L. 99-177. The increase will enable OSMRE to significantly increase its financial and technical support for State regulatory programs and to improve its Federal enforcement capability.

Bureau of Reclamation. For Bureau of Reclamation construction projects, the budget requests funding of $576.8 million, an increase of $55.1 million over the 1986 appropriation. Compared with the current 1986 estimate, which reflects sequestration of $22.4 million in budget authority permanently cancelled under P.L. 99-177, the 1987 request is an increase of $77.5 million. Construction obligations are estimated at $577 million in FY 1987, $23 million below FY 1986 estimated obligations of $600 million. The impact of our Reclamation budget recommendations in terms of the President's efforts to reduce the deficit are best measured in terms of outlays. FY 1987 outlays are estimated to be $624 million or $65 million below the FY 1986 estimate.

Proposed increases in budget authority to keep construction on schedule include $26 million for the Central Utah Project, $13 million for the Buffalo Bill Dam Modification, $11 million for dam safety projects and $17 million for the Central Arizona Project (CAP). The budget provides $204 million for the CAP and for related dam safety activities. The 1987 budget and projected CAP funding for 1988-1991 are adequate to meet construction schedules established in the proposed cost-sharing agreement for Plan 6, should I endorse the agreement.

Other Reclamation increases include a total of $67.3 million to assure an adequate operation and maintenance (O&M) program for Reclamation facilities (+$23.0 million) and increased local cost sharing on Reclamation construction projects (+$44.3 million).

Kesterson Reservoir Contamination. Included in the 1987 budget, in the request for the Bureau of Reclamation, is $11.5 million to continue the joint Federal-State study of the environmental and economic impacts of and potential solutions to irrigation drainage problems in the San Joaquin Valley, and to complete preparation of the clean-up plan for Kesterson Reservoir. The $11.5 million request will fund activities of the Fish and Wildlife Service, Geological Survey and Bureau of Reclamation. No funds are requested at this time for actual clean-up pending submission of the clean-up plan to the State of California in December 1986.

In 1985 I established a task group on irrigation drainage to evaluate irrigation drainage effects at Interior facilities in other parts of the west. In January 1986, the task group identified about 20 areas involving Department of the Interior responsibilities throughout the west which require further study to determine if corrective action is needed to address confirmed or potential irrigation-induced water quality problems. Field teams are now preparing plans of study. Additional resources involving several bureaus and, potentially, non-Federal sources may be needed in 1986 to initiate field work at highest priority sites and in 1987 to conduct other priority work.

- The Department intends that funding for this work occur within existing budget levels.

Decreases from 1986 are proposed in other of the Department's accounts. The major factors accounting for budget reductions are as follows:

Land Acquisition. Because of the need to reduce the Federal budget deficit, the total 1987 request for land acquisition is $31 million. Of this amount, $13 million for the National Park Service will fund administration of on-going acquisition actions from prior years and pay for emergency and hardship acquisitions and anticipated deficiency court awards. Another $1.5 million will fund administration of on-going Fish and Wildlife Service acquisitions. The balance of funding is for land acquisition activities; $16.5 million is financed by receipts from the sale of duck stamps. Assuming approval of proposed legislation to increase the price of the duck stamp from $7.50 to $10.00, it is estimated that revenue of $16.5 million will be available to acquire approximately 24,800 acres of wetlands in 1987.

Our total request of $14.5 million in current appropriations for land acquisition is a reduction of $91.2 million from enacted 1986 appropriations. It is a reduction of $62.5 million from the current 1986 estimate, which reflects sequestration of $4.5 million in budget authority permanently cancelled under P.L.99-177 and proposed 1986 rescissions of $24.3 million. Because a large number of acquisitions have been funded over the past five years, the Department believes that land acquisition expenditures can be deferred without impairing the primary missions of the National Park Service and the Fish and Wildlife Service.

From 1981 through 1985, the National Park Service spent over $470 million to acquire 91,000 acres of park land. The Fish and Wildlife Service, during the same period, acquired 160,694 acres of refuge lands and 235,000 acres of migratory bird habitat at a cost of $274 million derived from the Land and Water Conservation Fund and the Migratory Bird Conservation account. During 1986, $60.5 million in new appropriations from the Land and Water Conservation Fund and $29 million in Migratory Bird Conservation funds will be available for land acquisition.

Other Construction. The Department has invested over $1.6 billion in construction since FY 1981. Given this large, recent investment and given the need for overall fiscal constraint, the 1987 request for construction programs, other than those in the Bureau of Reclamation, is $100.5 million, a reduction of $169.5 million from the current estimate, which reflects sequestrations of $11.4 million in budget authority permanently cancelled under P.L. 99-177 and a proposed rescission of $8.7 million. The 1987 request is $159.7 less than enacted 1986 appropriations.

Construction funding for the National Park Service will be reduced $70.7 million from the current 1986 estimate to $29.1 million in 1987. This amount will fund 8 projects in 7 parks, all of which will address health, safety and resource protection objectives.

Sharing Net Receipts with States and Counties. The budget proposes that, beginning in FY 1987, the costs of managing and administering onshore mineral leasing be deducted from total revenues and that payments to States be based on the resulting net amount. Currently, state shares (50 percent for all states except Alaska, which is 90 percent) are computed on a gross basis without taking into account the costs of obtaining and distributing these receipts. These costs are now borne entirely by the Federal government.

Under our receipts sharing proposal, revenues from the onshore minerals program will provide the states with $551.5 million in 1987. This will be a decrease of $53.5 million from the amount that the states would receive under current law.

Sharing of net receipts is also proposed for timber receipts from the former Oregon and California Railroad grant lands. This proposal will reduce estimated 1987 payments to O&C counties in Oregon from $65.1 million to $40.1 million, a reduction of $25 million.

Compact of Free Association. The budget requests $144.3 million for 1987 implementation of the recently-adopted Compact of Free Association with the Federated States of Miconesia (FSM) and the Republic of the Marshall Islands. However, because of first-year funding for the Compact of $327.5 million in 1986 ($56.5 million of which would be funded by existing FY 1986 appropriations from the Trust Territory account), the 1987 request is a net decrease of $126.7 million in new budget authority. A 1986 supplemental of $270.9 million is requested to implement the Compact for the Republic of the Marshall Islands and the FSM. Of this total, approximately $181 million is a one-time grant to these entities.

Other Reductions. Other reductions include $15.4 million from the current estimate for the programs of the Geological Survey; $20.6 million from the programs of the Bureau of Mines; and $5.2 million from the Historic Preservation Fund.

Receipts

The Department of the Interior generates substantial revenue for the Federal government. For 1987, estimated receipts will be $7.8 billion, a decrease of $228 million from estimated 1986 receipts. Let me highlight some of the major differences in our receipts estimate for 1987 compared with 1986.

The budget assumes a judicial resolution of the pending OCS 8(g) and Section 7 disputes, resulting in a payout over the next four years of the Outer Continental Shelf (OCS) mineral leasing funds held in escrow under these sections with related interest. More specifically, the budget reflects the position the Department has taken in litigation now pending in the Federal courts. Our 8(g) litigation position is that Section 8(g) entitles the states to compensation only for any oil and natural gas actually drained from state lands by Federal lessees. Our Section 7 litigation position is that the lands in question are wholly owned by the United States. For budgetary purposes, drainage is assumed to equal 4 percent of the escrowed funds and related interest.

Our receipt estimates in 1986 are based on payout of $481 million in principal and $300 million in interest for the undisputed portion of the Texas 8(g) escrow that the court has ordered distributed to us; no payout is projected for 1987, but in 1988 payout of $3.2 billion in principal and $2.5 billion in interest is estimated on the assumption that litigation with Texas and Louisiana over Section 8(g) and Alaska over Section 7 will be resolved in our favor. The Federal share of the balance of the payout of the 8(g) escrow account is expected to be completed in 1989 and amounts to $2.3 billion in principal and interest in that year.

In 1987, total OCS receipts will be $5.3 billion, a decrease of $0.2 billion from 1986. This decrease results from a payout from escrow of $0.5 billion in 1986, but no assumed payout in 1987. The decrease more than offsets an increase of $0.2 billion in rents and bonuses (due to more resources being offered in 1987) and from $0.1 billion more in royalties as the result of expected higher production and lower Windfall Profit Taxes more than offsetting the lower oil and gas prices assumed for the year.

Onshore mineral leasing receipts will increase by $81.6 million from 1986 to 1987 primarily as a result of a projected increase of $58.4 million in coal royalties due to two factors: an expected increase in production and a continuation of the policy of shifting from a "cents per ton" to a "percentage of value" basis for computing royalties.

Other offsetting Interior receipts (excluding onshore mineral leasing) are estimated at $0.9 billion in 1977, an increase of $165 million over the current estimate for 1986. Of the increase, $37 million is from higher timber receipts, $52.5 million is from park entrance fees, and $57 million is from all other offsetting receipts.

I would now like to discuss some of the highlights of the budget request for each Bureau.

Bureau of Land Management

The Bureau of Land Management (BLM) is responsible for the conservation, management and development of 340 million acres of public lands largely in the western states, including 165 million acres in Alaska. BLM has responsibility for mineral leasing and supervision of minerals operations on the public lands, as well as on an additional 370 million acres of Federal mineral estate that underlies other surface ownership.

The 1987 budget estimate for BLM is $603.6 million, an increase of $11.9 million from the 1986 appropriation level of $591.7 million. The 1987 estimate is an increase of $40.1 million over the 1986 estimate, which reflects the sequestration of $28.2 million permanently cancelled under P.L. 99-177 (Gramm-Rudman-Hollings).

The primary reason for the apparent increase from 1986 to 1987 is that a portion of the timber payments to the Oregon and California (O&C) grant lands counties, scheduled for the beginning of 1986, was made at the end of 1985, reducing the 1986 base against which the 1987 estimate is compared. Had payments been recorded in 1986 in the normal pattern, the 1987 estimate would be a decrease of $21 million from the 1986 estimate.

The total impact of P.L. 99-177 on BLM is the permanent cancellation of $28.2 million in budget authority and an additional decrease of $0.3 million in 1986 spending and obligational authority. The effect on outlays is a 1986 decrease of $23.9 million.

The 1987 budget requests $379.1 million for Management of Lands and Resources (MLR), the Bureau's principal operating account, a decrease of $0.1 million from the 1986 estimate. This appropriation includes funds for energy and minerals management, lands and realty management, renewable resources management, planning and data management, cadastral surveys, firefighting and rehabilitation, technical services and general administration. The 1987 amount also includes funding to carry out legislation that will be proposed to implement the interchange of lands between BLM and the U.S. Forest Service.

The 1987 MLR estimate reflects the continuing emphasis on volunteerism and private investment on the public lands, as well as on cooperation with state and local governments and private users to share in funding and administration of the many different public land activities of predominantly local interest.

Within the MLR account, $77.6 million is requested for energy and minerals management, a $2.7 million decrease from the 1986 estimate. This is primarily due to lower workload demands for energy programs such as coal, geothermal, oil shale and tar sands. However, BLM's oil and gas program is proposed to increase by $3.9 million, which will allow processing of additional lease adjustments, the performance of diligence reviews on Indian lands and funding of costs associated with delegation of oil and gas inspection authority to individual states and Indian tribes.

The Oil Shale and Tar Sands Program will be terminated in 1987 due to declining industry interest in the development of existing leases and a lack of interest in new lease offerings. A decrease is proposed for coal leasing funds because of declining interest by the industry. The Wild Horse and Burro Program will emphasize decreasing long term maintenance costs by increasing adoptions in 1987. Cadastral surveys in Alaska have been reduced by $3.4 million.

To fund BLM implementation costs for proposed legislation to authorize the interchange of land management responsibility between the U.S. Forest Service and BLM, the budget includes a separate request for the MLR account of $3.4 million. Draft legislation for the interchange is expected to be submitted to the Congress this week now that there has been extensive consultation with the public, state and local officials and Members of Congress. Adoption of the proposed legislation will result in net savings of $32 million over five years.

An appropriation of $51.2 million is requested for operations for the O&C grant lands, a decrease of $2.2 million from the 1986 estimate. Major activities financed by this appropriation are construction and land acquisition support, facility maintenance, renewable resource management, and the maintenance of land use plans on commercially valuable forest lands in western Oregon.

The budget requests $105 million for Payments in Lieu of Taxes to local jurisdictions that contain Federal lands, providing full funding for this program. The budget requests $8.5 million for range improvement work. This request is based on a policy that would fund range improvements at 50 percent of the receipts collected from grazing on the public lands.

Beginning with 1987, timber receipts shared with O&C counties are proposed to be paid on a net revenue basis after deducting management costs. This proposal would divide the estimated cost of producing the receipts between the counties and the Federal government. The counties` estimated share of management costs for 1987 is $25 million resulting in a total payment of $40.1 million.

BLM estimates it will collect $254 million in receipts from timber sales, sales of lands and vegetation, grazing fees and miscellaneous other sources during 1987, an anticipated increase of $24 million over 1986. The major portion of the expected increase is from timber sales.

Minerals Management Service

The Minerals Management Service (MMS) has responsibility for leasing and supervising the development of mineral resources on the Outer Continental Shelf (OCS) and for collecting and accounting for royalties and other mineral revenues due from Federal and Indian leases, both onshore and offshore. As one of the largest collectors of revenue for the Federal government, MMS will collect and account for $6.6 billion in Federal receipts in 1987, including $5.3 billion from OCS bonuses, rentals and royalties and $1.3 billion from onshore mineral leasing.

The 1987 budget estimate for the Minerals Management Service (MMS) is $711.8 million, a decrease of $29.6 million compared to the 1986 appropriation of $741.4 million. The 1987 estimate is a decrease of $23.2 million from the current 1986 estimate, which reflects the sequestration of $7.2 million in budget authority permanently cancelled under P.L. 99-177 (Gramm-Rudman-Hollings).

The total 1986 impact of P.L. 99-177 on MMS will be the permanent cancellation of $7.2 million in budget authority and an additional decrease of $23.9 million in spending authority for payments to states from receipts under the Mineral Leasing Act. The $23.9 million will not be paid during 1986, but will remain available in the future in accordance with and to the extent permitted by law. The effect on outlays is a 1986 decrease of $28.7 million.

The $160.3 million requested for annual program operations in 1987 is an increase of $0.5 million when compared to the 1986 estimate of $159.8 million. Within the 1987 level of funding, a net reduction totalling $1.8 million is proposed for the OCS leasing program, primarily due to lowered funding for environmental studies and reduced offshore operations. However, an increase of $0.9 million is included within the OCS program for acquisition of pre-lease geological and geophysical data from permits issued prior to 1986. Reductions totalling $0.5 million are proposed for the Royalty Managemen. Program, due mainly to operational, maintenance, and lease cost savings resulting from installation of a new computer hardware system in 1986. The 1987 budget proposes $0.8 million to consolidate the MMS headquarters staff, which is currently located in five widely separated offices around the Washington, D.C. metropolitan area, in a single location. Additionally, increases are proposed for rental payments and proposed legislation to allow the Department to pay interest on refunds, totalling $0.8 million and $0.2 million respectively.

The 1987 estimate of $551.5 million for payments to states incorporates a proposal that net, rather than gross, receipts from mineral leasing revenues be shared with the states. Net receipts are derived by deducting the costs of generating the revenues. Currently, most states receive 50 percent of these revenues without deduction of any of the Federal costs incurred to produce the revenues. This receipts sharing proposal, which requires legislative approval, would reduce payments to states by an estimated $53.5 million in 1987.

The 1987 estimate for payments to the states is a reduction of $23.7 million from the 1986 estimate of $575.2 million, which includes a requested supplemental of $800,000 for interest payments. However, the 1986 estimate includes $23.9 million in budget authority that is to be sequestered by P.L. 99-177.

Office of Surface Mining Reclamation and Enforcement

The Office of Surface Mining Reclamation and Enforcement (OSMRE) administers programs for the regulation of coal mining operations to protect the environment and for reclaiming lands damaged by past mining activity. OSMRE reviews, monitors, and assists state regulatory and reclamation programs to accomplish these objectives and carries out regulatory and reclamation activities in states that do not have approved programs and on Federal and tribal lands.

The 1987 budget estimate for OSMRE is $291.4 million, an increase of $0.1 million from the 1986 appropriation. The 1987 estimate is an increase of $12.6 million from the current 1986 estimate, which reflects sequestration of $12.5 million in budget authority permanently cancelled under P.L. 99-177 (Gramm-Rudman-Hollings). The $12.5 million in budget authority cancelled under P.L. 99-177 will result in 1986 outlay reductions of $4.6 million.

For the Regulation and Technology appropriation, the 1987 budget requests $100.9 million, an increase of $19.4 million over the 1986 estimate. This increase will enable OSMRE to increase its financial and technical support for state regulatory programs and improve its Federal enforcement capability. Major increases include: $9.7 million for state regulatory grants; $3.3 million for improved regulatory and enforcement training for state and OSMRE staff; $3.9 million to expand OSMRE's applicant-violator system and design a comprehensive financial management system; and $3.0 million to implement a management improvement initiative to decentralize certain program and administrative functions from headquarters to field offices and technical centers. (An additional increase of $1.1 million for a total of $4.1 million for decentralization is included in the Abandoned Mine Reclamation Fund request.)

For the Abandoned Mine Reclamation (AML) Fund, the budget requests $190.5 million, a net decrease of $6.8 million from the 1986 estimate. The request includes $150.6 million for non-matching state reclamation grants, which is an increase of $1.2 million over the estimated 1986 level of support. The 1987 proposed funding level will provide full administrative support for the states and allow the states to initiate over 225 new construction projects.

Other major AML changes include decreases of $8.2 million for the Rural Abandoned Mine Program (RAMP) administered by the Soil Conservation Service of the Department of Agriculture, and $2.9 million for the Small Operator Assistance Program (SOAP). The $0.8 million requested for RAMP is sufficient to complete existing projects. No additional SOAP funds are needed because projected carryover balances of prior year appropriations are estimated to be sufficient to support the anticipated program level. A $0.8 million increase is requested for fee compliance to improve the collection of AML fees.

Bureau of Reclamation

The Bureau of Reclamation plans, develops, and operates water resource projects in 17 Western States. The purpose of these programs is to provide irrigation water service, municipal and industrial water supplies, hydroelectric power generation, outdoor recreation and flood control to help stabilize and stimulate local and regional economies. Projects also contribute to environmental protection through water quality improvement and fish and wildlife enhancement features.

The 1987 budget estimate of $934.4 million represents an increase of $118.5 million over the 1986 appropriation of $815.9 million. The 1987 estimate is an increase of $152.9 million over the current 1986 estimate, which reflects the sequestration of $34.3 million in budget authority permanently cancelled under P.L. 99-177 (Gramm-Rudman-Hollings).

The total 1986 impact of P.L. 99-177 on the Bureau of Reclamation is the permanent cancellation of $34.3 million in budget authority, an additional decrease of $6.1 million in spending and obligational authority, and a loan limitation decrease of $2.1 million. The effect on outlays for the Bureau of Reclamation is a 1986 decrease of $30.3 million.

The budget request of $576.8 million for the Construction Program, a $77.5 million increase over the 1986 budget estimate of $499.3 million, provides for continued construction on 61 projects. Work on one drainage and minor construction project and up to six safety of dams initiatives will begin. While no construction new starts are proposed for 1987, $42 million is provided for the four initiatives first funded in 1985, including $15 million in non-Federal cost sharing. Major increases in funding include $13 million for Buffalo Bill Dam modification, $26 million for the Central Utah Project, $11 million for dam safety projects and $17 million for the Central Arizona Project.

The request for the Loan Program in 1987 is $39.9 million, a $2.3 million increase over the 1986 estimate of $37.6 million. The request includes $38 million to continue work on 15 projects. The remaining $1.9 million is for three new starts that will be subject to a legislative proposal that will raise the authorization ceiling and, consistent with the Administration's credit policy, will require that all loan costs, including irrigation, be repaid at current Treasury borrowing costs plus one-eighth of one percent for administrative costs.

The 1987 request for General Investigations is $27.8 million, a $4.8 million decrease below the 1986 estimate of $32.6 million. The major emphasis in the planning program is on projects that would increase municipal and industrial water supplies, enhance water quality, and assist in meeting irrigation and energy needs. The reduction of $4 million in the plan formulation and advance planning programs reflects completion of 17 studies and termination of 9 studies. The budget requests $0.5 million for 4 new plan formulation efforts, including examinations of ground water supplies and opportunities for improved water management, and $0.4 million for 3 new starts in advance planning. Funding of $9.7 million, a $0.9 million decrease from the 1986 estimate, also is requested under General Investigations for engineering and research activities to provide support for planning, design, construction, and operation of multipurpose water resource projects and to continue development of technologies to increase water supplies by cloud seeding techniques.

The 1987 budget request for Operation and Maintenance is $150 million, a $23 million increase over the 1986 estimate, for activities on 34 projects and the bureau's associated O&M program. Increases are proposed for most projects to permit funding of a reliable operation and preventative maintenance program. Major increases are proposed for Yuma area projects (+$11 million) where new facilities at the Yuma Desalting Plant are coming on line, and for the Central Valley Project (+$10 million) where the extraordinary maintenance program will fund payments for water delivery charges.

In 1987, the budget request includes $51.2 million, an increase of $4.1 million over 1986, for General Administrative Expenses. The request for the Emergency Fund is $1 million. This is the same amount appropriated in 1986, as is the $350,000 requested for Permanent Appropriations. The budget projects that non-Federal contributions to Reclamation Trust Funds will increase by $11.3 million to $28.1 million, reflecting increased cost sharing for construction new starts first funded in 1985. In addition, the Bureau carries out many cooperative activities through reimbursements, such as the Foreign Activities Program, which now provides assistance in 12 countries.

The overall budget request for the Bureau includes $11.5 million to continue the joint Federal-State study of the environmental and economic impacts of and potential solutions to irrigation drainage problems in the San Joaquin Valley, and to complete preparation of the clean-up plan for Kesterson Reservoir. The $11.5 million request will fund activities of the Fish and Wildlife Service, Geological Survey and Bureau of Reclamation. No funds are requested at this time for actual clean-up pending submission of the clean-up plan to the State of California in December 1986.

In 1985 I established an interagency task force to evaluate irrigation drainage effects at Interior facilities in other parts of the west. In January 1986, the Department's interbureau Task Group on Irrigation Drainage identified about 20 areas involving Department of the Interior responsibilities throughout the west which require further study to determine if corrective action is needed to address confirmed or potential irrigation-induced water quality problems. Field teams are now preparing plans of study. Additional resources involving several bureaus and, potentially, non-Federal sources may be needed in 1986 to initiate field work at highest priority sites and in 1987 to conduct other priority work. The Department intends that funding for this work occur within existing budget levels.

Geological Survey

The major missions of the Geological Survey (GS) are to undertake research, fact finding, and mapping and to disseminate the resulting information to the public in order to improve upon the knowledge of the extent, distribution, and character of natural resources, and of the geologic processes, structure, and hazards that affect the development and use of the Nation's land and the physical environment.

The 1987 budget estimate for GS is $396.0 million, a decrease of $33.9 million from the 1986 enacted level of $429.9 million. The 1987 budget estimate is a decrease of $15.4 million from the 1986 estimate, which reflects the permanent cancellation of $18.5 million in budget authority under P.L. 99-177 (Gramm-Rudman-Hollings).

The total 1986 impact of P.L. 99-177 on the Geological Survey in the permanent cancellation of $18.5 million in budget authority and the additional sequestration of $3.5 million in obligational authority. The effect on outlays for GS is a 1986 decrease of $21 million.

The 1987 estimate includes $83.4 million for the national mapping program. Within this total, funds are requested to continue the transition from the existing analog cartographic production system to an advanced digital cartographic system that will take advantage of emerging computer technologies. Decreases are proposed for the primary mapping and revision, intermediate, small scale, special and image mapping and remote sensing applications research programs. The side-looking airborne radar program is proposed for elimination because the technology has been demonstrated and applications data can be acquired from the private sector as needed.

The estimate also includes $159.0 million for geologic research and investigations. Decreases are proposed in seismic monitoring and scientific investigations related to earthquake and landslide hazards, cooperative geologic mapping, geomagnetism, mineral, coal and geothermal resource investigations and offshore geologic surveys. The coastal erosion processes study begun in 1986 will be suspended.

The 1987 estimate includes $124.7 million for investigations to appraise the Nation's water resources and to assure that the water data necessary to develop and manage them effectively are available. This funding level will enhance the national water-quality assessment program begun in 1986 to provide water-quality data and analyses on major surface-water basins and ground-water systems.

Decreases are proposed in both the Federal and Federal/State cooperatively funded data collection and analyses programs, national water data and information access, regional aquifer analyses, core hydrologic research, improved instrumentation, nuclear waste hydrology and acid rain programs. Funding for the Water Resources Research Institutes and Grants Programs and associated administrative costs are also proposed at reduced levels.

Bureau of Mines

The mission of the Bureau of Mines is to help ensure that the Nation has adequate and dependable mineral supplies for economic, security and other needs. Research is conducted to provide the technology for the extraction, processing, use, and recycling of the Nation's mineral resources at acceptable social, environmental, and economic costs. The Bureau also collects, analyzes, and publishes statistical and economic information on all phases of mineral resource development and analyzes the effects of public policy alternatives on mineral supply and demand.

The 1987 request for the Bureau of Mines is $107.6 million, a decrease of $26.3 million from the 1986 appropriation and a decrease of $20.6 million from the current 1986 estimate, which reflects the sequestration of $5.7 million in budget authority for the Mines and Minerals account permanently cancelled under P.L. 99-177 (Gramm-Rudman-Hollings).

The total 1986 impact of P.L. 99-177 on the Bureau of Mines is the permanent cancellation of $5.7 million in budget authority and the additional sequestration of $103,000 in spending authority for the Helium Fund. The effect on outlays for the Bureau is a 1986 decrease of $4 million.

The 1987 decrease results from bringing lower priority efforts to conclusion while focusing efforts on a select number of high priority research topics. The request includes $61.2 million for research in all phases of mining and mineral extraction and recycling; $26.6 million for the collection and analysis of data on minerals; and $19.3 million for general administration.

Funding is not requested for the 31 Mineral Institutes, resulting in a decrease of nearly $8.0 million. Grant funds appropriated in 1986 and prior years will support the basic programs of the Mineral Institutes through the 1986-7 academic year. Research grants will continue to support activities in the five generic minerals technology areas through 1988. In the future, it is proposed that the Institutes rely on funding from the states and private industry who are the primary beneficiaries of these programs.

National Park Service

The National Park System contains 337 areas which cover 79.4 million acres of land in 49 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and the Northern Mariana Islands. The National Park Service has the dual responsibility of protecting the natural and cultural resources of these areas and providing for their use and enjoyment by the public. The Service also conducts a variety of programs that promote and assist outdoor recreation planning, preservation of cultural and natural resources, and environmental compliance and review along with other Federal agencies, state and local governments, and private organizations.

The total 1987 estimate for the National Park Service is $734.3 million, a decrease of $195.9 million compared to the 1986 appropriation of $930.2 million. The 1987 estimate is a decrease of $59.3 million from the current 1986 estimate, which reflects the sequestration of $39 million in budget and contract authority permanently cancelled under P.L. 99-177 (Gramm-Rudman-Hollings) and proposed rescissions of $111.2 million in budget and contract authority.

The total 1986 impact of P.L. 99-177 on the National Park Service is the permanent cancellation of $39 million in budget and contract authority, an additional decrease of $1.0 million in spending and obligation authority, and a loan limitation decrease of $0.1 million. The effect on outlays is a 1986 decrease of $25.6 million.

The 1987 budget request proposes increased funding for park operations through the enactment of legislation authorizing the Secretary of the Interior to establish new, and increase existing, park entrance fees and to use the revenues from these fees to operate and maintain park areas. Under this proposal, 80 percent of all revenues generated from recreation fees would be available to the Park Service in a permanent account. The remaining 20 percent would be deposited in the Treasury. The legislation, if enacted, will provide additional financial support to the National Parks, to be derived from park users rather than the general taxpayer.

The 1987 appropriation request under current law for the Operation of the National Park System is $596.5 million. Under the proposed recreation fee legislation, an additional $59 million would be available, thus providing an overall increase for park operations of $44.8 million above the 1986 level.

The $59 million from recreation fees would provide a portion of the base funding for maintenance, repair and rehabilitation, and all base program funding for information publications, exhibit preservation and rehabilitation at Harpers Ferry Center, visitor transportation systems, fee collection costs, cultural and natural resource preservation programs, and Volunteers-in-Parks. The recreation fees will also provide funding increases of over $14 million for park operations and other increases for information publications, Volunteers-in-Parks and for increased costs of fee collections.

Proposed increases in the 1987 estimate include $3.8 million for fixed administrative expenses and $3.9 million for additional operational expenses for Ellis Island National Monument and Independence National Historical Park. Historic structures that are currently under restoration at Ellis Island National Monument will be reopened in 1987. The Park Service expects a significant increase in workload from anticipated higher visitation to the refurbished Statue of Liberty and Ellis Island sites and an expanded physical plant on the island will result in higher operating costs. Independence National Historical Park in Philadelphia, Pa. will be the focal point for a series of major events commemorating the bicentennial of the Constitution of the United States. Additional increases include $2.7 million to finance the cost of mining and minerals evaluation studies in Alaska to ensure compliance with existing laws and regulations, and $1.0 million to support the National Park Service's position in water rights litigation in several Western states. A decrease of $1.7 million in support for a number of private cultural and artistic institutions is proposed.

The 1987 request for National Recreation and Preservation is $9.5 million, $1.0 million less than the 1986 estimate. The Service is proposing to reduce the amount of Federal involvement in public recreation programs that are carried out at the state and local level as part of the overall effort to help reduce the Federal deficit. Accordingly, technical assistance to states and local governments for recreation programs will be reduced and technical assistance to states for river conservation will be eliminated.

The proposed budget for construction is $29.1 million, a decrease of $70.7 million. The amount requested includes $8.5 million to be derived from the Visitor Facilities Fund. A total of 8 projects in 7 parks will comprise the construction line item program for 1987, including 3 projects that will use monies transferred from the Visitor Facilities Fund. All projects address health and safety or resource protection objectives. The budget also includes a proposed rescission in 1986 of $13.6 million of 1986 and previously appropriated construction funds. The rescission of these lower priority construction projects will help meet overall deficit reduction goals.

A total of $15.3 million is requested for the Land Acquisition appropriation, a decrease of $23.1 million from the 1986 estimate. Within this level, $8.0 million will be available for emergency and hardship acquisitions and to pay anticipated deficiency court awards. Remaining funds will be used to administer ongoing acquisition actions and the close-out of Land and Water Conservation Fund State matching grants awarded in prior fiscal years. The budget also proposes in 1986 a $55.2 million rescission of lower priority land acquisition projects and state matching grants to assist in the goal of reducing Federal outlays. An additional $28.7 million in contract authority is also proposed for rescission.

No budget authority is requested for grants from the Historic Preservation Fund, a decrease of $5.2 million from the 1986 estimate. Beginning with the rescission of $18.5 million in 1986 funding, the Administration proposes to eliminate all direct Federal funding for the preservation of historic properties except for those properties that are part of the National Park System. Historic Preservation Fund grants to states are no longer vital to ensure that preservation activities continue. Federal support over the past 15 years has facilitated the establishment of a network of effectively functioning state preservation offices which can continue to operate without Federal assistance. The encouragement of private sector involvement in historic preservation through the enhancement of economic and tax incentives has been highly successful.

The 1987 request also eliminates direct Federal support for the Illinois and Michigan Canal National Heritage Corridor and the Jefferson National Expansion Memorial Commissions. In total, the two commissions were funded at $0.3 million in 1986.

The Administration is proposing a reauthorization of funding available from the Highway Trust Fund for park road projects. Under the proposed reauthorization, $75 million would be available for Park Service road projects in 1987.

Office of Territorial and International Affairs

The Assistant Secretary for Territorial and International Affairs carries out the responsibilities of the Secretary for the U.S. Territories of American Samoa, Guam, the Northern Mariana Islands and the Virgin Islands, as well as for the Trust Territory of the Pacific Islands and the freely associated states of the Republic of the Marshall Islands and the Federated States of Micronesia (FSM). The objectives of the Office of Territorial and International Affairs are to promote the political, economic and social development of the territories and direct each toward greater self-government and self-reliance. In the case of the freely associated states, the objective is to administer and supervise continuing Federal programs and funds provided under the recently enacted Compact of Free Association (P.L. 99-239).

The 1987 request totals $283.8 million in comparison to current 1986 appropriations of $219.8 million. However, the 1987 request is a reduction of $197.4 from the current 1986 estimate of $481.3 million, which reflects a requested supplemental appropriation of $270.9 million and sequestration of $9.5 million in budget authority permanently cancelled under P.L. 99-177 (Gramm-Rudman-Hollings).

The 1987 request for administration of the U.S. Territories is $71.5 million, a decrease of $8.3 million from the current 1986 estimate. The request includes $20.7 million for an operations grants to American Samoa (an increase of $1 million) and $9.1 million for construction projects in Guam, American Samoa, and the Virgin Islands (a decrease of $5.9 million). Technical assistance funding is proposed at $2.2 million, a decrease of $2.5 million, and loan assistance for the Guam Power Authority will decrease $6.5 million to $1.6 million. The covenant grant for Northern Mariana Islands operations and capital development is proposed to be $35.3 million, an increase of $8.8 million. The budget reflects a policy of encouraging increased private sector participation in territorial development, while enhancing government efficiency and encouraging economic diversification of the islands.

An estimated $55 million will be provided to Guam and the Virgin Islands from anticipated Federal collections of income and excise taxes. This payment will be a decrease of $2.4 million from the 1986 estimate of $57.4 million.

Approximately $13 million is requested for 1987 to fund the Trust Territory of the Pacific Islands, which is a decrease of $63.4 million from the 1986 estimate. However, almost all of the decrease is attributable to the fact that funding for the Republic of the Marshall Islands and the FSM is no longer included in this account. The $13 million requested for 1987 will provide $10.6 million for the Republic of Palau (an increase of $0.5 million) and $2.5 million for Trust Territory operations (a decrease of $2.7 million).

The budget requests $270.9 million in a 1986 supplemental and $144.3 million in 1987 funding to implement the Compact of Free Association. Approximately $181 million of the 1986 request reflects one-time funding provided during the first year of Compact implementation. Payments under the Compact during 1986 and 1987 are the first two of 15 annual payments to the Marshall Islands and to the FSM that will eventually total approximately $2.3 billion.

Secretarial Offices

The budget requests for Secretarial offices total $80.7 million. This is a decrease of $0.7 million from the enacted 1986 appropriations for these offices, but an increase of $2.8 million from the current 1986 estimates, which reflect sequestration of $3.5 million under P.L. 99-177.

Within the $80.7 million total, the Office of the Secretary, which provides executive direction and management for the Department, is funded at $43.6 million; the Office of the Solicitor, which provides legal services for all components of the Department, at $20.8 million; and the Office of the Inspector General at $16.3 million.

Conclusion

In conclusion, Mr. Chairman, I believe this is a good budget which should be approved by the Congress. This budget fairly meets our responsibilities and does not ignore our pressing needs. It helps put the overall Federal budget on a course of steadily declining deficits leading to a balanced budget.

I will be happy to answer any questions that you have at this time.

TOTAL BUDGET AUTHORITY AND OUTLAYS FOR 1985, 1986 AND 1987 (in billions of dollars)

BUDGET AUTHORITY	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	Change FY 1987/ FY 1986
Funds Subject to Annual Appropriations	$5.5	$4.8	$4.5	($0.3)
Permanents, Trusts and Others	1.4	1.6	1.7	0.1
TOTAL	$6.9	$6.4	$6.2	($0.2)
OUTLAYS				
Funds Subject to Annual Appropriations	$5.4	$5.4	$4.9	($0.5)
Permanents, Trusts and Others	1.3	1.5	1.7	0.2
TOTAL	$6.7	$6.9	$6.6	($0.3)

Note: Amounts may not add due to rounding.

CURRENT BUDGET AUTHORITY BY BUREAU
(in millions of dollars)

BUREAU	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Bureau of Land Management	$862	$537	$550	$550	$ 0	$ 13
Minerals Management Service	162	154	161	161	0	7
Office of Surface Mining	377	330	278	291	13	(39)
Bureau of Reclamation	1,067	789	744	853	109	64
Geological Survey	416	407	411	396	(15)	(11)
Bureau of Mines	136	104	128	107	(21)	3

---

* as of February 1985.

CURRENT BUDGET AUTHORITY BY BUREAU
(in millions of dollars)
(continued)

			FY 1987 PRESIDENT'S BUDGET			
BUREAU	FY 1985 Actual	FY 1986 President's Budget*	FY 1986 Current Estimate	FY 1987 Estimate	Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Fish and Wildlife Service	$434	$292	$380	$296	($85)	$3
National Park Service	984	669	770	714	(56)	45
Bureau of Indian Affairs	1,033	936	990	925	(65)	(11)
Territorial and International Affairs	176	75	332	112	(219)	38
Secretarial Offices	85	74	78	81	3	6
TOTAL, Budget Authority	$5,522	$4,367	$4,801	$4,486	($316)	$119
TOTAL, Outlays	$5,431	$4,850	$5,390	$4,906	($484)	$56

BUREAU OF LAND MANAGEMENT
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Current Accounts:						
Management of Lands & Resources	$456	$365	$379	$379	$0	$14
Payments in Lieu of Taxes	103	105	100	105	5	0
O & C Grant Lands	57	50	53	51	(2)	1
Other Current	37	17	18	15	(3)	(2)
SUBTOTAL, Current	652	537	550	550	0	13
Permanents and Trusts	148	14	14	53	39	39
TOTAL	$800	$551	$564	$604	$39	$53

- Operating costs in 1987 maintained at 1986 current estimate.
- PILT funding included at 1986 President's Budget level.
- Assumes current grazing fee is held constant for 1986 grazing season.
- Draft legislation on BLM/Forest Service Interchange likely to go to the Congress later in February.

MINERALS MANAGEMENT SERVICE
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET			Change FY 1987/FY 1986 President's Budget
			FY 1986 Current Estimate	FY 1987 Estimate	Change FY 1987/ FY 1986 Estimate	
Minerals and Royalty Management	$162	$154	$161	$161	$0	$7
Payments to States From Receipts Under Mineral Leasing Act	538	479	574	551	(23)	72
TOTAL	$700	$633	$735	$712	($23)	$79

- No decrease in operating funds in 1987.
- Total 1987 OCS receipts of $5.3 billion include $1.7 billion for rents and bonuses and $3.6 billion for royalties.
- Total 1986 OCS receipts of $5.5 billion include $1.4 billion for rents and bonuses, $3.6 billion for royalties, and $0.5 billion for escrow payout. An additional payout of $0.3 billion is projected as interest on escrow.
- Budget reflects U.S. goverment position in court that State shares of 8 (g) escrow monies would not exceed 4 percent (drainage); escrow payouts assumed for 1986, 1988, and 1989.
- $23.9 million of 1986 funding for Payments to States to be sequestered.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET: FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET: FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET: Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Regulation and Technology	$80	$80	$82	$101	$19	$21
Abandoned Mine Reclamation Fund:						
State Grants	258	211	149	151	1	(61)
Other	39	39	48	40	(8)	1
TOTAL	$377	$330	$279	$291	$13	($39)

- Improved administration of Surface Mining Act will result from increased operating funds in 1987 (+$19 million).
- AML State grants funded at approximately 1986 current estimate level.

BUREAU OF RECLAMATION
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET: FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET: FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET: Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Current Accounts:						
Construction	$754	$532	$498	$577	$77	$44
General Investigations	36	32	33	28	(5)	(4)
Operation and Maintenance	150	133	127	150	23	17
Other Current	127	92	86	98	13	7
SUBTOTAL, Current	1,067	789	744	853	109	64
Permanents and Trusts	32	51	37	81	44	30
TOTAL	$1,099	$840	$782	$934	$153	$95

- Construction program (81 projects) increases by $77 million. Includes funding of $204 million for Central Arizona Project, $88 million for Central Utah Project, and $38 million for dam safety.
- CAP on track for completion of Tucson Aqueduct by 1991 given 1987 funding and estimated outyear resources.
- Operation and Maintenance funding increases by $23 million.
- "Small" loan program includes three new starts and proposed legislation requiring market interest rates for new loans.

GEOLOGICAL SURVEY
(in millions of dollars)

	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET FY 1986 Current Estimate	 FY 1987 Estimate	 Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
TOTAL, Current	$416	$407	$411	$396	($15)	($11)

- Budget protects essential operations; 4 percent reduction compared to 1986 current estimate.

- Priorities maintained for National Water Quality Assessment and advanced digital cartography.

BUREAU OF MINES
(in millions of dollars)

	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
TOTAL, Current	$136	$104	$128	$107	($21)	$3

- 1987 budget request reflects return to approximately 1986 President's Budget level.

FISH AND WILDLIFE SERVICE
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET: FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET: FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET: Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Current Accounts:						
Resource Management	$308	$278	$287	$285	($2)	$5
Construction	28	6	20	3	(17)	(3)
Land Acquisition	91	2	48	2	(46)	0
National Wildlife Refuge Fund (PILT)	6	6	6	6	0	0
SUBTOTAL, Current	434	292	360	296	(65)	3
Permanents and Trusts:						
Sport Fish Restoration	38	44	122	161	39	117
Wildlife Restoration	86	112	121	85	(36)	(17)
Other	28	49	27	39	2	(19)
SUBTOTAL, Permanents & Trusts	152	205	270	285	16	81
TOTAL	$585	$497	$631	$581	($49)	$84

FISH AND WILDLIFE SERVICE
(continued)

- Operations (Resource Management) are maintained at nearly 1986 current estimate.
- Operating funds provided for new refuge operations, contaminant research and to increase waterfowl production.
- Budget proposes to close or transfer to State operation six hatcheries and one field station.
- 1987 land acquisition budget provides funds to administer on-going acquisitions; additional wetlands acquisition from $16.5 million of duck stamp sales; 1986 current estimate reflects $5 million rescission request.
- Sport fish restoration grants fully funded at $161 million, approximately 32 percent above the 1986 estimate and approximately 324 percent above the 1985 level.

NATIONAL PARK SERVICE
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET: FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET: FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET: Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Current Accounts:						
Operation of the National Park System	$636	$586	$611	$655	$45	$70
Construction	107	58	100	29	(71)	(29)
Land Acquisition/State Recreation Grants	190	11	38	15	(23)	4
Historic Preservation Fund	25	0	5	0	(5)	0
Other Current	16	14	16	14	(2)	0
SUBTOTAL, Current	984	669	770	714	(56)	45
Permanents and Trusts	21	19	24	20	(4)	1
TOTAL	$1,005	$688	$794	$734	($60)	$46

* In addition to amounts above, $75 million available for road construction from the Highway Trust Fund.

NATIONAL PARK SERVICE
(continued)

- Budget maintains 1986 President's Budget priorities.
- Park Service operations increase by $45 million above 1986 current estimate.
- Fee proposal assumes $74 million in receipts in 1987; 80 percent goes to NPS ($59 million); remaining 20 percent goes to Treasury ($15 million).
- 1987 land acquisition budget funds emergency and hardship acquisitions.
- 1986 current estimate reflects rescission of $19 million in land acquisition, $36 million in State recreation grants, $18.5 million in Historic Preservation, and $8.7 million in construction.

BUREAU OF INDIAN AFFAIRS
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET: FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET: FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET: Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
Current Accounts:						
Operation of Indian Programs	$816	$856	$855	$862	$7	$6
Construction	108	75	121	59	(62)	(16)
Other Current	9	5	14	3	(10)	(2)
SUBTOTAL, Current	1,033	936	990	925	(65)	(11)
Permanents and Trusts	484	463	493	531	37	67
TOTAL	$1,517	$1,399	$1,483	$1,455	($28)	$56

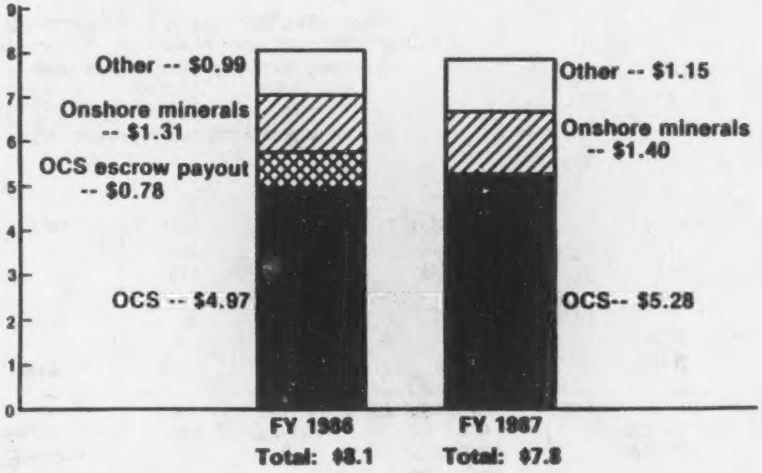
- In addition to amounts above, $75 million available for road construction from the Highway Trust Fund.
- Operations funding is above 1986 current estimate; increase of $10 million in funds where tribes determine priorities; support for programs in Alaska decreases by $10 million.
- Johnson-O'Malley program transferred to Education Department.

TERRITORIAL AND INTERNATIONAL AFFAIRS
(in millions of dollars)

ACCOUNT	FY 1985 Actual	FY 1986 President's Budget*	FY 1987 PRESIDENT'S BUDGET: FY 1986 Current Estimate	FY 1987 PRESIDENT'S BUDGET: FY 1987 Estimate	FY 1987 PRESIDENT'S BUDGET: Change FY 1987/ FY 1986 Estimate	Change FY 1987/FY 1986 President's Budget
U.S. Territories	$131	$127	$134	$127	($7)	($1)
Trust Territory	99	14	76	13	(63)	0
Compact of Free Association	0	0	271	144	(127)	144
TOTAL	$230	$141	$481	$284	($197)	$143

- Operations funding for U.S. territories and Palau maintained at current level or higher.
- Budget implements compact of Free Association for Marshall Islands and Federated States of Micronesia with 1986 supplemental of $271 million and continues support in 1987 with $144 million.
- FY 1986 President's Budget included $300 million for Compact of Free Association in Department of State budget.

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Receipts
(in billions of dollars)



FY 1986 REDUCTIONS PURSUANT TO GRAMM-RUDMAN-HOLLINGS

(spending authority in millions)

BUREAU	REDUCTION*
Bureau of Land Management	$28.3
Minerals Management Service	31.1
Office of Surface Mining	12.5
Bureau of Reclamation	34.4
Geological Survey	18.5
Bureau of Mines	5.7
Fish and Wildlife Service	27.9
National Park Service	38.4
Bureau of Indian Affairs	45.9
Territorial and International Affairs	9.5
Secretarial Offices	3.5
TOTAL REDUCTION, Spending Authority	$256.6
TOTAL REDUCTION, Outlays	$202.0

*Excluded are a $10.7 million decrease in reimbursable spending authority; a $6.6 million reduction in loan authority; and a $0.4 million decrease in obligation limitations.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Senator Wallop.

LAND ACQUISITION HARDSHIPS

Senator WALLOP. Thank you, Mr. Chairman.

I understand what you're saying on the acquisition of lands, that only those which were threatened to become unsuitable for the national parks should be considered. But you may have heard me from time to time express real reservations about what we're doing to Americans who own property, who are unable to sell their property because nobody else can do anything with it. Their privilege is to pay taxes until we get around to getting it.

I hope that in the process of all of this there is some kind of review that is undertaken to see what can be done to relieve those Americans who have the misfortune, if you will, of owning property that is desired by all Americans but for which America is unwilling to pay.

Can we have some assurances that during this year we'll look at options that might be available, including in some instances, perhaps, delisting, so that we can relieve these people of what I think is an unconstitutional taking.

Secretary HODEL. Senator, I've been unwilling to consider delisting as an option because of the intensely controversial nature of the proposal. Having once fought through the battle for land to be listed as included within a national park or refuge, I have been unwilling, and I think my predecessors have been unwilling to even open that issue.

But it does seem to me that the point you make is 100 percent correct. I regret that for 5 years I've been aware of this problem and have felt terribly disturbed about it. We, as a Nation, basically take away people's property from them by designating it as falling within the boundaries of a park or refuge, but then we don't take a step to pay them for it. They can't mortgage it, they can't sell it, they really can't improve it.

Senator WALLOP. But they can pay taxes on it, though.

Secretary HODEL. Yes, they are allowed to pay taxes on it. And if they should be unfortunate enough to die while the land is in that status, the property is evaluated at its high value and their estate pays taxes on that, even though there may be no resources with which to do it.

It is unconscionable what we're doing, and I can assure you that I'm aware of it and that I have asked in recent weeks again that we take another hard look to see if we can find a better way to assure ourselves that nobody who wants to or needs to sell is rendered incapable of doing so on a fairly timely basis.

I don't know what the solution is, but we've got to try to find it.

Senator WALLOP. Well, I appreciate that. I don't know what the solution is, either. But I know that the solution may be visited upon it if we don't visit it ourselves. I just believe that a court will someday delist it for us or require us to acquire it in a fashion that is completely outside the capability and cause some other serious dislocation of funds.

SHARING OF MINERAL RECEIPTS

Let me thank you for the Wallop-Breaux treatment this year. But last year, you will recall, in a similar kind of area we had a conversation concerning the State's gross share of mineral receipts.

Again, I am puzzled by what I find here.

In the fiscal year 1987 budget, which I have here proposes to deduct $53.5 million from the State's share of on-shore mineral receipts, which your department claims would cover the share of administering that program.

Is that generally correct?

Secretary **Hodel**. It's about 10 percent, yes.

Senator **Wallop**. Well, last year, these costs were estimated at $125.2 million. Wyoming at that time was slated to lose about $19.9 million. This year, with the $53.5 million proposal, Wyoming still loses about $19.9 million, according to this.

You know, I'm not willing to feel totally abused and paranoid, but, somehow or other, I don't understand why we stay the same when the overall cost is reduced by nearly 60 percent.

I wonder if, perhaps, you could look into that for me and describe why we were so benignly treated or were proposed to be so benignly treated last year and so abused this year.

Secretary **Hodel**. Senator, I have no answer now, but we will provide one for you.

Senator **Wallop**. Thank you.

[The information follows:]

NET RECEIPTS SHARING

The program costs estimated for FY 1987 are $125.0 million, a decrease of $0.2 million from the FY 1986 estimated costs of $125.2 million. FY 1987 receipts to the States would be reduced by $53.5 million if these costs were deducted from gross onshore mineral leasing receipts. The proposed reduction to the States was also $53.5 million for FY 1986. The proposed reduction to the State of Wyoming is $19.788 million for FY 1987, while the proposed amount for Wyoming in FY 1986 was $19.985 million. Following is a comparison of the proposal for Fiscal Years 1986 and 1987:

(Amounts in thousands of dollars)

	FY 1986 Estimate	FY 1987 Estimate
Total administrative costs	$125,200	$125,000
Multiply by 6%:		
Amount related to the collection of revenues for other distribution 1/	-7,512	-7,500
Subtotal	117,688	117,500
Divide by 2:		
Split the above subtotal between Federal Government and States	58,844	58,750
Multiply by 9% (1/12):		
Reduce amount to reflect the fact that the initial year of costs would be calculated on 11 months	-5,298	-5,288
Reduction to States	$ 53,546	$ 53,462

1/The Royalty Management Program collects mineral revenues which are in turn disbursed to a number of Federal sources, such as the Bureau of Reclamation, Corps of Engineers, Department of Agriculture, Department of Commerce, and U.S. Fish and Wildlife. This adjustment reduces the amount be divided between the Federal Government and the States for the portion of the costs related to distributing collected revenues to the Federal agencies noted above.

Derivation of FY 1986 and 1987 Total Program Costs (Amounts in millions of dollars)

	FY 1986 Estimate	FY 1987 Estimate
MINERALS MANAGEMENT SERVICE		
Royalty Management (Budget Estimate x .74) 1/	$27.7	$31.5
MMS General Administration $\frac{(\text{RMP FTE})}{(\text{MMS FTE - Admin. FTE})} \times (\text{Admin. Est.}) \times (.74)$	5.5	6.1
Subtotal, MMS	33.2	37.6
BUREAU OF LAND MANAGEMENT 2/		
Oil and Gas	41.0	42.3
Geothermal	3.0	2.5
Coal	18.0	13.7
Nonenergy	4.0	3.9
Program Subtotal	66.0	62.4
BLM General Administration		
Program Subtotal x overhead rate	11.9	11.9
Subtotal, BLM	77.9	74.3
FOREST SERVICE		
Leasable Minerals (based on Forest Service Budget Estimate)	14.1	13.1
TOTAL, Program Costs	$125.2	$125.0

1/Seventy-four percent of all producing leases are Federal onshore.

2/BLM program amounts based on FY 1986 and 1987 estimates less services provided to Indian leases.

Senator **Wallop**. Whatever else I have, I think I will spare you and everybody else and just put it on a little piece of paper.

Thank you very much.

Secretary **Hodel**. Thank you, sir.

The **Chairman**. Thank you, Senator Wallop.

Senator Metzenbaum.

DEVELOPMENT PLANS FOR ELLIS ISLAND

Senator **Metzenbaum**. Secretary Hodel, did the Park Service have any plan or recommendation as to the development of Ellis Island?

Secretary **Hodel**. To get a definitive answer, we'd have to get somebody from the Park Service here because I have not been given a proposal or a recommendation by the Park Service.

It is my understanding that they had a request for a proposal, that the proposal that appeared to them to have the most merit and which they submitted to the foundation or to the commission for review came from that particular request for a proposal, and had to do in that case with the concept of some kind of conference center which would particularly be focused on immigration activities and the Immigration and Naturalization Service has expressed some interest in it, and so forth. But it is not my understanding that that is a definitive proposal at the present time because, if I understand correctly, at the last foundation board meeting, which was only a week or 10 days ago, there were some four proposals that were presented to the foundation board. I would expect at least that many to go before the independent commission now.

Senator **Metzenbaum**. Those are four commercial proposals?

Secretary **Hodel**. I do not know.

Senator **Metzenbaum**. Would you be good enough to provide us with a transcript of the meeting and any other documents regarding various Ellis Island proposals as well as the financing in connection therewith?

Secretary **Hodel**. To the extent that they are available to us, Senator Metzenbaum, I will. The foundation records are not subject to my control. The foundation, run by Mr. Iacocca, is an independent organization.

Senator **Metzenbaum**. I understand that.

Secretary **Hodel**. I do not know whether they have a transcript of their meetings. They do not have to be open to the public. But I know of no reason why they would not make that available, and I would expect the same kind of information to be presented in due course—I don't think at the next commission meeting, but in due course, at a future commission meeting.

Senator **Metzenbaum**. The Park Service proposals, or their recommendations, would certainly be available.

Secretary **Hodel**. Oh, certainly.

Senator **Metzenbaum**. And you will get that to us?

Secretary **Hodel**. Yes.

[The information follows:]

STATUS OF PLANNING AND DEVELOPMENT ALTERNATIVES

ELLIS ISLAND

1. Background

In December 1980, the National Park Service initiated a comprehensive planning effort for the Statue of Liberty and Ellis Island. The first document produced was an Analysis of Alternatives. There was extensive public review of this document. An alternative was selected and developed into the General Management Plan (GMP). In December 1981, the NPS requested development proposals for the development of the southern portion of Ellis Island. Proposals were requested which could meet the goals of the GMP and be consistent with the Historic Property Leasing Act. Three proposals were received. The proposal from the Center of Housing Partnership, a not-for-profit organization was selected and remains the preferred alternative of the NPS. This alternative is discussed below as proposal I. In addition, several other proposals which have been advanced for the restoration and development of the southern portion of Ellis Island are summarized below.

2. Proposals

I. Center for Housing Partnership Proposal

This proposal preserves essentially all of the buildings on the southern portion of Ellis Island and provides an economic use for the structures. It called for the development of an international conference center supported by hotel facilities. Financing would be from a combination of sources: $32 million would come from a private mortgage lender, $13 million would come from a grant from HUD, and $20 million would be separately raised. This $20 million would be raised from private investors, a private foundation or public authorities. If private investors provided the money, they would be eligible to receive investment tax credits (authorized by Congress in current law) to encourage the preservation of historic structures.

II. John Burgee Proposals

Following Mr. Iacocca's appointment by Secretary Watt as Chairman of the Statue of Liberty-Ellis Island Centennial Commission, Mr. John Burgee presented his first proposal. Extensive demolition of existing historic structures in units 2 and 3, which include the former hospital, administrative and support buildings, and major new construction to develop the southern portion of the island as an ethnic Williamsburg, was proposed. This concept was presented in 1983.

Mr. Burgee's most recent proposal presented on January 5, 1986, to the Subcommittee on architecture of the commission called for the preservation of all historic structures in units 2 and 3 with complete interior and exterior restoration. The restored buildings would display ethnic crafts and sell ethnic foods. The income generated under this proposal would come only from the sale of food and crafts. It is not clear if the buildings would be owned by the NPS or owned and operated privately.

III. Public Park Proposal

This concept was developed by the National Park Service following discussion with the Statue of Liberty-Ellis Island Foundation, Inc., in 1985. It was developed to show what would happen if no major development funding was available from the Government or from the Foundation and if the Center for Housing Partnership proposal was rejected. In this case, six of the most important buildings in units 2 and 3 would be stabilized and the rest would be demolished. The resulting open space would be developed as a public park.

IV. The Immigration and Naturalization Service (INS) Proposal

This proposal is essentially compatible with the Center for Housing Partnership proposal. However, the INS proposal focuses more attention on use of the buildings as a combined research, educational and conference center.

Senator **Metzenbaum**. Do you know whether any community has applied for or received any urban development grants for Ellis Island?

Secretary **Hodel**. I don't know.

Senator **Metzenbaum**. I had heard some rumors to that effect. But you have not heard them?

Secretary **Hodel**. I have not. Now, that doesn't represent anything at this point. It's simply that I do not know. I have not gotten that deeply involved, nor is it appropriate, in my estimation.

I think it's important that I emphasize that I would expect an independent commission to give me some independent advice, it's probably desirable that I not begin to take sides on any of the proposals. I would like them to feel free, under Mr. Avedisian's management, to give us their best advice, as to how they think all of Ellis Island, and particularly the south half, ought to be handled.

CENTRAL ARIZONA PROJECT

Senator **Metzenbaum**. Let me change the subject just a bit.

There have been press reports suggesting that the department is negotiating a contract with Arizona that imposes penalties on the United States if it fails to maintain a rigid construction schedule for the Central Arizona Project. In effect, newspaper reports indicate that the deal will insulate the CAP from the Gramm-Rudman Act.

Now, I don't know if the press report was correct, but I find that to be incredible.

The article did so report.

Can you tell me the status of these negotiations and the facts in connection therewith?

Secretary **Hodel**. I can tell you what my understanding is, which is this. We have for several years now talked about up-front financing being added to the Central Arizona Project. When the Central Arizona Project was agreed to, there was no concept that the State or the localities would pay anything up front. The idea was that they would pay back the costs of the investment over time.

Then, because of increasing costs and a change in view as to how Western water projects should be handled, we approached Arizona—this was actually before my time as Secretary—and the interested parties there were approached with the suggestion that they should come up with some kind of sweetener, some up-front money to pay us in order to help us complete the project.

As you can imagine, this proposal was not well received in some quarters in Arizona, initially. But, after a considerable amount of time and a lot of effort on the part of those representing Arizona in the Congress as well as the State leadership and the leaders of water projects in the area, the State of Arizona worked out a proposal calling for a payment in excess of $300 million, to be paid by various components of the water community in Arizona.

But, as they looked at it, they could afford to do that if we did what we said we were proposing to do. Basically, we said we would complete the Tucson Aqueduct by 1991 and we would complete additional dams and portions of this project—it's a multiple unit project—by 1998, or so.

They said well, that's great; we can put as much as $300 million or so into this project if you can meet that schedule—that if you meet that schedule, we'll put all that money in.

I don't see it as penalties. I see it as them saying we can raise the money, we'll borrow the money, we'll tax our rate payers or water users to pay up front, if you meet these dates. And so, there is an incentive for us to do that.

In any event, Senator, they are going to pay at a minimum an additional $100 million that we never would have seen before.

So, basically, I view it this way. They are going to put $100 million up front, or so, in that range, and if we are able to do what we keep telling them at the negotiating table we will do, which is to complete certain components on certain probable deadlines, they will sweeten the pot by another $200-plus million.

I see it not as a penalty to the taxpayers, but as $100 million we wouldn't otherwise have gotten, and the possibility, if we can carry through with the schedule, of an additional $200 million or so.

IMPACT OF GRAMM-RUDMAN-HOLLINGS

Senator **Metzenbaum**. How can you justify insulating this one project, which, to begin with, is a major giveaway because you don't charge market interest rates, how can you justify insulating it from Gramm-Rudman when the entire Nation is being called upon to suffer the consequences of Gramm-Rudman.

Secretary **Hodel**. Senator, it's not insulated from Gramm-Rudman. If Gramm-Rudman comes into operation, if this Congress does not pass the President's budget and the sequestering requirements of Gramm-Rudman come into play, they would apply to this project just as to any other obligation that we have. It is not insulated from Gramm-Rudman.

And, if in some future year as we put the budget together, we take a look at the cost curves and we say if we meet this schedule, we can make $200 million, and if we don't meet this schedule we'll lose that $200 million over time, we can determine which is most economic for the Federal Government—it's our choice. We are free not to meet the schedule, and we're still $100 million better off than we would be if we just stick with the original plan.

Senator **Metzenbaum**. If you don't meet the schedule, then you lose the $100 million?

Secretary **Hodel**. We lose only the $200 million extra.

Senator **Metzenbaum**. You lose the $200 million?

Secretary **Hodel**. Yes, and remember these numbers are approximate figures. They're in the range of $100 million and in the range of $200 million.

Senator **Metzenbaum**. OK.

REPAYMENT REQUIREMENTS

Now, what you're doing is this. They're coming up with $300 million if you meet the schedule—and the total project is how many billion?

Secretary **Hodel**. By now it must be a couple of billion.

Senator **Metzenbaum**. A couple of billion. And then they're going to get, you won't be charging market interest rates in connection with any of that money at all, will you?

Secretary **Hodel**. I'm sorry, Senator?

Senator **Metzenbaum**. Will there be some payments made in connection with the Federal Government's participation, with the Federal Government's money, as far as repayment as it pertains to the interest rates that would be involved?

Secretary **Hodel**. As soon as we start selling water under any of these projects—delivery now is to Phoenix, and the next reach is being completed when the water goes to Tucson—when that water is sold, there is a repayment obligation on the part of the purchasers that commences at once. The interest rate is the interest rate which is prescribed in the project authorization, and that was determined by the U.S. Congress when it was adopted.

Senator **Metzenbaum**. What is that rate?

Secretary **Hodel**. I don't know what the interest rate is and the overall cap. But usually, with projects as old as this, it now sounds ridiculously low. But at the time it was voted, it was somewhat relevant to the Treasury rate.

Senator **Metzenbaum**. It's 3.42 percent. The GAO says that the law on that, as to what you have to charge, is ambiguous.

So, what we have here is charging 3.42 percent, although the GAO says you don't have to charge that rate. They're coming up with $300 million if you meet certain conclusion dates, completion dates. And a concern that many of us have is how far does the department go in giving away the Federal Government's assets and subsidizing water projects in this country when there is ostensibly an effort to balance the budget?

Secretary **Hodel**. Senator, this is an issue which, as you and I both know, has been debated rigorously by Members of the U.S. Senate and the House. The Congress, in approving projects such as these basically sets the parameters of what we will do as a department.

I'd like to point out that, to the extent we have had flexibility, we have tried to improve on the return to the Federal Government.

Senator **Metzenbaum**. But GAO says you have flexibility.

Secretary **Hodel**. We do not always agree with GAO on its interpretations of these kinds of flexibilities, as I'm sure you will appreciate.

Senator **Metzenbaum**. Have you made the effort?

Have you made the effort to go in that direction?

Don't forget, you have a President and the President talks about letting the free market prevail. Let the free market rates prevail here. Why shouldn't they prevail here? Why should we be so determined to charge a 3.42-percent rate when the Government's probably paying about 9 percent for its money today?

Secretary **Hodel**. Senator, where we have thought we have the ability to do so, we have attempted to improve our rates. I would cite the Westlands Irrigation District situation, where this administration, taking a contract signed under another administration in 1963, a 44-year contract at a very low water rate, attempted to force the contract rate up, and we have been held up in court ever since.

So I think we have tried to be diligent where we thought we could do so appropriately. We have not attempted to do this here, and I do not think it's our view that it's appropriate.

Senator **Metzenbaum**. I have some other questions, but my time is up in this round.

The **Chairman**. Thank you.

Senator Evans.

BUDGET ASSUMPTIONS

Senator **Evans**. Thank you, Mr. Chairman.

I will have some additional questions to submit in writing.

Mr. Secretary, you have a number of places in the fiscal year 1987 budget where you expect passage of legislation in order for the budget to balance within the Department—National Park Service entrance fee legislation, sharing net receipts on onshore mineral leasing in Oregon and California grantlands, and rescissions totalling $116 million.

Do you have some priorities set in the Department as to how you would manage within the limits of the budget if none of this legislation passed?

Secretary **Hodel**. Senator, I have not asked that question nor, in preparation for this hearing, have I been briefed on that issue.

I'm not aware of any, but I would be surprised if some of our bureau managers haven't at least thought what they will do if funds aren't sufficient for the whole fiscal year.

Senator **Evans**. If possible, would you submit to us whatever you do have in that field, because it seems to me that at least some of these may have rocky going, to say the least. Rescissions normally have not been viewed very favorably in the Congress, and, as I understand, on the net receipts from onshore mineral leasing of Oregon and California grantlands, we tried this last year and didn't succeed. So, it would be helpful if you have those other priorities.

[The information follows:]

Budget Priorities

In formulating our 1987 budget request, we have emphasized the need to fund bureau operations and maintain services to the public. We have reduced funding for new construction and land acquisition, in part because these types of activities can be deferred without a harmful impact, and in part because we still have significant amounts to spend in these accounts from previous appropriations. If the Congress does not enact those portions of our budget request that either reduce Federal spending or increase Federal revenues, we would have to look elsewhere to cut spending or increase revenues. These considerations obviously involve difficult choices. The choices we have made in formulating our request have led us to set a higher priority on funding operations and services than on capital-type funding such as land acquisition or construction. If we were required to reformulate our budget request later this year, we would seek to maintain these same priorities and look even harder than we have already done to see if we could identify other areas where spending could be reduced or where increased revenues could be realistically forecast. We cannot make more specific recommendations at this time, but would point out, as you already know, that alternative reductions cannot be made without impact. We need to continue to remind ourselves that reducing budgets means that we will do less, and when we do less there will be an impact.

PARK SERVICE RECREATION FEES

Senator EVANS. Now, you did mention the increase in entrance fees, user fees, and that 80 percent of it would be set aside for the Park Service.

From my own experience over the years in user fees—and this is speaking from the executive side—that's an open invitation to a legislature or to a Congress to say fine, you've set aside that fee and it's going for this particular service, now we just withdraw a substantial or an equal amount of appropriated funds for that purpose.

Isn't there some danger of that happening?

Secretary HODEL. There's always some danger of that happening. It's also a risk.

Senator EVANS. Would you say there is a considerable danger of that happening?

Secretary HODEL. Well, there is considerable danger in general terms, I think more than when it applies to the national parks. I think, particularly in the case of the national parks, we have a very solid constituency and a very strong recognition in the Congress of the desire of Americans to maintain our opportunities outdoors, particularly in the national parks. It's my hope, as we have done in this budget, that we can use the fees to provide improved and increased services rather than simply replacing moneys otherwise cut from the budget.

However, I must say it will require constant review on our part and diligence to keep it that way because, otherwise, exactly what you say could happen. But it ought not to.

Senator EVANS. I would agree that it ought not to, if that's the kind of additional specification we set forth. It's a danger we have to watch.

FUNDING INCREASES IN THE OFFICE OF SURFACE MINING

On page 4 of your testimony, you do talk about in the Bureau of Surface Mine Reclamation and Enforcement some increases. It's stated in there that the increase will enable OSMRE to significantly increase its financial and technical support for State regulatory programs and to improve its Federal enforcement capability.

I don't know precisely how that increase is divided between those two items. But aren't we getting to the point where States generally have stronger and stronger and better and better laws and have built some capability in managing their own affairs?

It just sounds to me like we should perhaps be able to move in the opposite direction of less rather than greater need for technical and financial support.

Secretary HODEL. The assault on our management of the Office of Surface Mining, Reclamation and Enforcement has been largely on the basis that we have not done enough to enforce the laws that Congress enacted, and that we need to do more in the way of support and training with the States.

We have tried to take the position that the statute calls for the States to be responsible, and we to be in an overview capacity. There's a great amount of pressure for us to take a duplicative role.

We're taking the position that if we fund properly our responsibilities, what we really will do is see to it that the States get the results that we're after. In order to get there, we need something like this kind of level of funding to do the job.

Senator Evans. Would you say most of that increase, then, is on the enforcement side rather than on the technical support level for these programs?

Secretary Hodel. I don't know what the split is, but my impression is that there is a fair amount in the budget for liaison and training with the States so that we interact better. That's very close to enforcement, but I don't know where we draw the line on whether it's enforcement or not.

Senator Evans. OK.

OUTYEAR SPENDING FOR WATER PROJECTS

In the Bureau of Reclamation, you have a budget authority increase for 1987 of $77 million, and outlays down $65 million.

Doesn't that sound like bad news for the out-years in terms of trying to keep to our budget? You may hit or move toward hitting the 1987 deficit targets, but if the budget outlays are going to be up, what are we going to face in 1988 and 1989?

Secretary Hodel. The figures I used on the Bureau of Reclamation, to announcing our budget to the press, included obligations, outlays, and budget authority.

In terms of obligations, we expect to see a continuing decrease, which is what I think we would expect in this kind of budget era.

The outlays fluctuate, as you know, depending upon the contracts. We may only spend $1 million this year, but if we obligate a significant amount, there may be a significant outlay impact in future years.

I believe that in submitting this budget, we provided all the out-year figures on the budget as they apply to the Bureau.

On out-year construction in the Bureau of Reclamation, whereas 1987 budget authority is $577 million, 1988 is $737 million, 1989 is $765 million, and 1990 is $799 million—increases of fairly significant amounts.

Senator Evans. So, if we are concerned about the outlay, or about the future year outlays, we had better be pretty careful of our budget authority for this year.

Secretary Hodel. Yes.

And I think we also have to recognize that I would not be surprised if this is a fairly standard pattern, that in the year of the budget request we're down because we have the squeeze on, and we say, "But next year we're going to get back on schedule." And, in fact, next year it doesn't happen and spending squeezes down again. And so, you have to keep pushing this role of carpet out in front of us.

Senator Evans. Maybe we ought to cut the carpet someplace, instead of just pushing it out in front of us.

Secretary Hodel. We do have some projects which are being kept alive, but are not progressing very quickly at these budget levels.

Senator Evans. You mean, you're just putting them on hold?

Secretary Hodel. In effect.

Senator **Evans**. Would you care to submit a list of those?

Secretary **Hodel**. Sure.

Senator **Evans**. Those might be good candidates for cutting the carpet.

Secretary **Hodel**. I'd be happy to submit the list if I'm not taken thereby to be recommending where the carpet should be cut.

Senator **Evans**. I understand. I understand.

The **Chairman**. Maybe you'd better not see the list before you decide that you want to do it. [General laughter.]

Senator Evans: Well, I said "maybe." [General laughter.]

[The information follows:]

Delayed Construction Projects

Several ongoing projects or major features of these projects have been funded at minimum levels due to legal constraints or uncertainties with respect to their continuation and completion. These are Central Utah Project, Upalco Unit; Central Valley Project, San Felipe (Watsonville development) and Auburn-Folsom South Unit (Auburn Dam); Colorado River Basin Salinity Control, Las Vegas Wash Unit; Central Arizona Project, Chui Chu Papago; Columbia Basin Project (Future Development); and Garrison Diversion Unit (Reformulation).

SALE OF POWER MARKETING ADMINISTRATIONS

Senator **Evans**. This morning, as you might guess, in the Department of Energy's budget submission, there were a considerable number of questions regarding privatization or "defederalization" or whatever the term is that is being used this week on the power marketing authorities.

Fortunately, you don't have direct responsibility for that anymore. But you could very well be affected, you and a number of other departments.

What complications do you see vis-a-vis the Bureau of Reclamation, for instance, in the management and utilization of our multipurpose dams if a certain share of the power use of those dams was to be privatized, sold individually? Let's just assume for the moment that it was sold individually to private entrepreneurs dam by dam.

Secretary **Hodel**. The terms of the sale would be absolutely critical. The conditions under which the acquisition would take place would be critical.

We have examples now where we operate a project such as Hoover Dam, where we have both public and private utilities taking power from generators which they own and maintain in the power house. It's one of those situations that takes the lawyers years to work out the agreement. But, once it's been done, the operators can make it function without batting an eye.

Sometimes, I think if the lawyers went back and reviewed it, they'd say they should have rewritten the agreement. But the operators can make it work.

We have experience. It can be done. It's not easy. But then, all of the interfaces between Bonneville, the Corps of Engineers, the Bureau, and the private and public sectors, are difficult at that point of contact. It's just a matter of how you draw it up.

Senator **Evans**. You said it would take years for the lawyers to draw up the agreement?

Secretary HODEL. Well, in the past it has.

Senator EVANS. Do you suggest that the speed with which the administration is looking toward receipts from such a sale is a little excessive?

Secretary HODEL. I don't know what their expectation is.

Senator EVANS. It's 1988 and 1989, both.

Secretary HODEL. I think if we do this thing, Senator, it should be done expeditiously. [General laughter.]

Senator EVANS. Nice try. [General laughter.]

You tell me how you get lawyers to do it in less than years and years.

The CHAIRMAN. Cut off their pay. [General laughter.]

Senator EVANS. Or better yet, not start.

There are several other questions that I have, but they really relate to projects and activities that are regional in nature, and I will just submit those in writing.

The CHAIRMAN. Thank you very much.

Senator Bingaman.

Senator BINGAMAN. Thank you, Mr. Chairman.

Mr. Secretary, my impression from your budget summary was that the increased fees to be charged were being essentially earmarked for certain programs in your budget. Therefore, if those fee increases were not permitted, programs like the Cultural Resources Preservation Program would not be funded.

Now I gather in your answer to Senator Evans' question that you do not understand it that way, and I just wanted to clarify the issue.

Secretary HODEL. For instance, in 1987, the increased fees projected to be received by the Park Service over the 1987 level would be $45 million—actually some $59 million increase overall from the fees.

That's for operations.

We also have line items in there for support for historic preservation and the like, which are not covered by these fees. If our proposal, as in the case of historic preservation support to the State offices is to zero that, as has been our proposal for I think the last years, then we aren't proposing that the fees be taken and applied to that.

Senator BINGAMAN. But I think the specific example was Cultural Resources Preservation. Maybe that's what you are referring to.

But my understanding was that you're proposing to fund that if the fees are granted, and you're not otherwise? Am I confused there?

Secretary HODEL. I am now looking at a sheet just handed to me by our budget officer which suggests that if the $59 million became available in fiscal year 1987, we would allocate it through the Park Service in a number of different categories, such as, of course, fee collection, informational publications, cultural——

Senator BINGAMAN. Is this page 162 you're looking at now?

I have page NPS162 from your budget, which seems to list a whole series of these.

Secretary HODEL. Cultural Resource Preservation is one of the items listed here——

Senator BINGAMAN. Right.

Secretary HODEL. And it would show $5,193,000.

Senator BINGAMAN. And it would show no funding if fee increases are not permitted?

Secretary HODEL. That would be my understanding from this table.

Senator BINGAMAN. So that those programs, for example, Volunteers in Parks Program, would not be funded at all if these fee increases are not permitted?

Secretary HODEL. My reading of the Volunteers in Parks level suggests that there would be $503,000 versus $487,000 in the base program that would be added to it. So, you'd come up with $990,000.

Senator BINGAMAN. I think that's for full-time equivalent, isn't it? I don't think that's money.

Secretary HODEL. Looking at page 162——

Senator BINGAMAN. Right.

Secretary HODEL [continuing]. Of the document you have, looking at Volunteers in Parks Program, the $487,000 in the base program level; the enhanced program level, which I assume is in the event we get the $59 million from fees, would add $503,000.

Senator BINGAMAN. Oh, I see.

So, it is your understanding that each of those programs will have an amount appropriated, even if the fee increases are not permitted.

Is that what you're saying?

Secretary HODEL. Yes.

The base program would be the level, the left-hand column. Then the enhanced program is the additional funds from the fees, I gather, and then the total program is here.

Senator BINGAMAN. OK.

Let me ask another question if I could.

On the Animas-La Plata Project in Colorado and New Mexico, I think there is some local concern, at least in my State, that you have increased the share of local funding to be over what they had previously agreed to.

Do you have knowledge of that?

Could you clarify what you're understanding is?

Secretary HODEL. I can't give you all the particulars.

I understood that we had been engaged in negotiations with parties, just as was done in the Central Arizona Project, and that an agreement had not yet been reached, but we were talking about what level of cost sharing funding it could be. It could well be that the understanding of the people at the local level would be that we were insisting on more funding than what they had presently been prepared to offer.

Now, I'm estimating that.

We have indicated in the past that we think something in the $200 million to $300 million range would be necessary, and it's my understanding that the offers have not reached that level yet, but that may not be correct as of the most recent time.

MINERAL INSTITUTES FUNDING

Senator **Bingaman**. Let me also ask this. I think in your budget you proposed to eliminate Federal funding for the 31 Mineral Institutes that engage in basic research and education in mineral sciences and engineering.

I would just be interested in knowing why that is such a low priority item.

I understand you think that's something the States benefit more from than the Federal Government and therefore we'll leave it to the States—is that right?

This affects one of the institutes, the New Mexico Institute of Mining and Technology—just to let you know my parochial interest.

Secretary **Hodel**. Senator, you may have noticed that when you began the question, I looked at the chairman and smiled because the chairman——

Senator **Bingaman**. Does he have a parochial interest, too, in this?

Secretary **Hodel**. I am sure that each of you has a national interest at heart, here, and I have discussed this in the past with the chairman.

We have persisted, as an administration, in seeking to reduce the funding level to zero on the grounds that this is a relatively small share of the overall cost—not that it's not important to each unit. With the priorities that we have, we just did not feel that we could sustain funding for the institutes, and that the States and other sources of funding for universities and colleges would have to be called upon in order to keep the Minerals Institutes at that level.

Senator **Bingaman**. How many years running has this proposal been made—certainly as long as I've been here and I've only been here 3 years.

Secretary **Hodel**. Well, I've only been here five. I think it's been at least five, and it may have been longer.

INTERAGENCY LAW ENFORCEMENT FUNDING

Senator **Bingaman**. Let me ask you on funding for interagency coordination of law enforcement efforts.

We discussed a year or so ago the problem of theft and vandalism at national parks and cultural sites. I know at least part of the solution advocated is increased interagency coordination on law enforcement in particular.

I was just wondering what your department's budget shows for interagency enforcement and coordination, and how this compares to previous years?

Secretary **Hodel**. I don't have that figure handy.

If you like, I would perhaps prefer to submit it for the record.

Senator **Bingaman**. OK.

That's fine.

I'm under the impression that your budget shows a significant cut there, and obviously that would be of concern to me, if that's true.

Secretary **Hodel**. I will supply an answer.

Senator **Bingaman**. OK.

[The information follows:]

INTER-AGENCY LAW ENFORCEMENT AND COORDINATION

The budgets for the bureaus in the Department of Interior do not identify separately the costs associated with inter-agency law enforcement and coordination activities. The various bureaus handle the costs associated with such efforts on an as-needed or emergency basis. I understand, however, that the Forest Service under the Department of Agriculture does show in its budget inter-agency enforcement activities and that a reduction may have been proposed in 1987. I am informed that the Cooperative Law Enforcement Program under the Forest Service handles cooperative law enforcement activities with local law enforcement agencies.

FEDERAL LAND DESIGNATIONS

Senator BINGAMAN. One other subject and then I'll quit.

I've just been struck recently by the number of different secretarial and Congressional designations that apply to various public land, resource natural areas, national conservation areas, historic landmarks, national preserves, national recreation areas, BLM recreation lands.

I just wondered. There are over 30 of these, sort of a menu that I guess people in Congress, like myself, look through when you start trying to figure out how to designate something.

Is there any thought in the Department for dealing with this proliferation of different designations or maybe reducing that somewhere or another?

I just would be interested in knowing if there is any rhyme or reason to it as you understand it, or any effort to clear it up.

Secretary HODEL. I didn't know there were 30. I did know that from time to time I have had to say, "Now wait a minute, what do you mean when you say that", because I get one of these titles.

I certainly have not looked at trying to rationalize the use of the designations because I have assumed, and possibly incorrectly—and I will look at it as a result of this inquiry—I have assumed that these various titles have been used because one of the other titles has already engendered sufficient criticism or opposition that a new, you know, a rose by another name may smell sweeter.

Senator BINGAMAN. Sort of like "defederalization?" [General laughter.]

Secretary HODEL. Whatever. [General laughter.]

Senator BINGAMAN. Yes.

This morning, we discussed the difference between defederalization and privatization. But you weren't here for that debate.

Secretary HODEL. No; I'm sorry I missed it. [General laughter.]

The fact is I do not know the reason, but I'm suspicious it probably has been generated by a desire to come up with something that doesn't have any of the negative trappings that were attached to the last designation when somebody became upset.

I would be interested to see how these compare with each other, and I would be interested to see whether a designation means the same thing in one place as it does another. I would venture to guess that it probably does not.

So we probably have 30 land designations with many more than that meanings. But, maybe not.

Senator BINGAMAN. But if you sort that out, I'd be interested in seeing the results of your study.

Thank you, Mr. Chairman.

The **Chairman**. Thank you.

I'll be very brief.

Before any further members depart, I hope that all members can submit questions for the record by close of business today. I know that's short notice, but we have a short time frame in which to develop our budget proposal to the Budget Committee before the end of next week.

I might just say to my friend from New Mexico that I think a lot of those land classes are the result of legislation where certain kinds of prescriptive management were desired by who knows whom, and as one prescriptive classification didn't seem saleable in gross, subclasses of prescriptive management were required.

So, I think Pogo's admonition is probably correct in this instance; the enemy is probably us more than the administration in this case.

But I am aware that the Forest Service in its planning process is coming up with some further exacerbation of that problem, if that's the right term, with many more subclasses. I suppose they expect to dazzle us by their footwork if they can't fake us with their hands.

PARK SERVICE FEE INCREASES

I should say at the outset, Mr. Secretary, that I have told you privately, and I should state it publicly, that we will be receptive, at least I will be, to fee increases on special purpose units of the public lands where they can be justified. I look forward to that submission. We will entertain that when it comes over.

I am also receptive to the notion that some of the money can be recycled. I think Senator Evans is correct that there is a danger that, if the money is set aside, the appropriated moneys may proportionately be reduced.

But my guess is that the management of the units will be enhanced. They'll get more money under this than they would just through the straight appropriations process.

So I would think that, even if it might be decreased, it would be decreased by the amount of the increase in fee revenue.

Secretary **Hodel**. Senator, I think that's right.

In addition, we have places where, particularly in off-hours, it is not worthwhile to man the gates. I'm not sure how worthwhile it would seem if the money could be retained by the park unit. I think there would be a greater incentive on the part of the superintendent to collect the fees.

Also, our legislation will propose that volunteers be allowed to collect. At present, volunteers are not allowed to collect fees.

The **Chairman**. You would have an accountability problem, I think.

Secretary **Hodel**. Right, and we will undoubtedly discuss this before this committee. But we look forward to being able to do that and appropriately account and protect them and us. But, if we can do that, it will mean we can keep the Rangers doing interpretive and Ranger work and we can have somebody else collect the fees.

The **Chairman**. Mr. Secretary, I also want to express my appreciation for the way in which you have accommodated to what I think is an erroneous position that the administration has developed both through GAO and OMB sources on the question of whether Gramm-Rudman applies to the State share of revenues.

I think the notion that this is Federal money being appropriated back to the States strikes me as being the same as the notion that all the money that every taxpayer makes belongs to the Government and what a taxpayer is permitted to retain is by grace of the Government and not because they own the property or because they have earned it themselves.

Mineral receipts and forest receipts, in my judgment, are not that portion of Federal funds in which a State shares; they are not Federal funds and therefore not subject to Gramm-Rudman—in my judgment.

Now I recognize that that's different from the prevailing view.

But at last your treatment of it is much more honest in that respect than the treatment accorded to it in other quarters of the Federal Government. I should not let this opportunity go by without commending you for that. I think you are as helpful as the current directives permit you to be.

Secretary **Hodel**. Thank you.

The **Chairman**. I hope that the Congress will resolve that and resolve it in such a way that it is not portrayed as being an erosion of the principle of Gramm-Rudman-Hollings, but as recognition of the principle that the receipts are not Federal moneys to be then appropriated to the States. Rather they are established by law as belonging to the States.

Finally, Mr. Secretary, on the minerals institutes—I recognize that it is sometimes thought of as being purely parochial, and I think the appropriate figure is 62 Members of the Senate find great national interest and merit in a program a portion of which resides in 31 States.

But there is something else I am constrained to add at this point and for the record.

I just received from my university the record of the placement office. While they had a very high placement success this year, the No. 2 item on their placement success was geological engineers.

One of the reasons they had geological engineers to place is because of the mineral institutes. The reason they placed them was because there was a demand. If we hadn't had the minerals institutes, there would not be the graduates there to fulfill the demand that is being expressed in the placement charts.

That's the basic concern that many of us had at a time when you could see the minerals industry in this country going down. The number of students beginning to enter colleges to specialize in this work and to get a degree was also going down even more rapidly. Some of us foresaw a time when the necessary level of activity in minerals in this country would not be met by available graduates.

The only reason I mention that is I would not want the impression to be left here that it is simply a parochial interest on the part of any one of the Senators who may have expressed an interest in the program, but a measurement of future national interest.

While we sometimes measure that future national interest and we may even be able to point to statistics, as I just have, to indicate yes, we were right, it may be that we sometimes cling to that longer than we should and stay with a program even after its justification has ceased.

So I will entertain with you the review of whether or not future demands of our society and our economy demand the output of people who are trained and capable of functioning in an area that is of vital security to our country or whether or not we are going to meet that without these institutes.

Secretary HODEL. Senator, you and I have discussed on numerous occasions the tremendous importance to this Nation of a mineral and energy base which is substantially domestic. So you know when you say the points you have just made how heavily it weighs with me.

I think that your foresight, along with that of your colleagues in the Senate and the House in adopting this program, speaks for itself. I would be the last to say that we did not have a problem that needed to be dealt with.

It would be my hope that the successes you have related here will occur everywhere, and that the record will be such that it truly is now a program that can be maintained by the combination of the industry and the universities, because even though it has national impact, so many things in our system have national impact. Yet, we look to the States, we look to the localities to do them.

Here's one that's been started. It's been launched. It's been maintained. And it has prospered, and it ought to go forward. Hopefully, we will not have to maintain it as a Federal program, but it will have a vitality at the local level to go forward.

The CHAIRMAN. I understand that.

Again, I will express a willingness to look at that. But I'd be less than candid if I didn't also have to point out at this time that I have a backdrop of information that makes me wonder whether that will be successful.

We have lost nearly every smelter in the United States as a result of economic and regulatory forces. I don't know which is the more important, but they contribute each to the other. The mines that are still operating in north Idaho ship their concentrates out of the country. They no longer smelt it at that location. Lead and zinc that is produced in Idaho goes to Belgium to a smelter. The European Economic Community buys American lead and zinc metals at a cost lower than our own fabricators can buy it because of that.

Now there's something wrong in a system that permits that to happen.

Last week, the Sunshine Mine, the Nation's largest silver producer, announced they are closing for a month. A great many people believe that they will not reopen at the end of the month because of economic and regulatory costs.

Against that backdrop, the mining industry is not more capable of contributing to the education for the future—they are less capable.

We have a legislature in my State struggling to keep up the appropriations for education. Higher education suffers disproportionately in that struggle over the educational dollars, as more goes to kindergartens and primary and secondary education in my State and I presume in other States as well.

It is against that backdrop that I find the Federal participations in Minerals Institutes and Water Institutes alike as being perhaps an even more critical need for the future, rather than a less critical need.

But, again, I am very willing that we take a look at that, and this committee and the Appropriations Committee, I am sure, both will have to do that during this budget cycle.

Again, Mr. Secretary, thank you very much not only for your testimony but for your very forthcoming attitude in working with this committee in trying to minimize the points of friction, because policy choices always engender points of friction.

Secretary HODEL. Thank you, Mr. Chairman.

May I say that it's a pleasure working with you and your staff, and the members of your committee, and their staffs. There is a genuine interest in these issues. I know that, and I appreciate the spirit in which most everyone approaches them.

The CHAIRMAN. Thank you very much, Mr. Secretary.

Secretary HODEL. Thank you.

The CHAIRMAN. We will stand in recess until the hour of 9:30 on tomorrow morning.

[Whereupon, at 3:20 p.m., the hearing recessed, to reconvene on Wednesday, February 19, 1986.]

APPENDIX II

RESPONSES FROM SECRETARY HODEL TO ADDITIONAL COMMITTEE QUESTIONS

FY86 Budget Assumptions

1. Question: Would you provide for the record a fiscal year 1986 baseline table indicating by Bureau for each appropriations account --

   a. the budget authority and estimated outlays as appropriated by Congress;

   b. at the applicable level of detail, the sequester baseline for the purpose of the Gramm-Rudman-Hollings Act; and

   c. at the applicable level of detail, the available budget authority and estimated outlays after sequester.

Answer: See attached table.

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation		Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
--Total Authority--									
Bureau of Land Management	BA	591,654	650,718	(28,151)	563,503	0	0	0	563,503
	O	611,422	561,240	(24,133)	587,289	0	(3,000)	0	584,289
Minerals Management Service	BA	741,401	722,701	(7,181)	734,220	800	0	0	735,020
	O	752,032	668,423	(28,742)	723,290	800	0	0	724,090
Office of Surface Mining	BA	291,283	290,783	(12,504)	278,779	0	0	0	278,779
	O	321,020	106,826	(4,593)	316,427	0	0	0	316,427
Bureau of Reclamation	BA	815,856	799,115	(34,349)	781,507	0	0	0	781,507
	O	1,032,941	704,567	(30,274)	1,002,667	0	0	0	1,002,667
Geological Survey	BA	429,869	429,369	(18,463)	411,406	0	0	0	411,406
	O	445,649	487,453	(20,960)	424,689	0	0	0	424,689
Bureau of Mines	BA	133,949	133,449	(5,738)	128,211	0	0	0	128,211
	O	149,142	92,729	(3,987)	145,155	0	0	0	145,155
Fish and Wildlife Service	BA	651,831	640,049	(16,362)	635,469	0	(4,951)	0	630,518
	O	628,848	411,167	(17,680)	611,168	0	(2,971)	0	608,197
National Park Service	BA	930,220	917,015	(38,965)	891,255	13,470	(111,153)	0	793,572
	O	1,029,330	594,533	(25,565)	1,003,765	10,776	(21,750)	0	992,791
Bureau of Indian Affairs	BA	1,499,820	1,066,303	(43,400)	1,456,420	26,500	0	0	1,482,920
	O	1,526,918	806,212	(34,831)	1,492,087	1,500	0	0	1,493,587
Territorial Affairs	BA	219,704	219,704	(9,450)	210,334	270,943	0	0	481,277
	O	254,727	194,612	(8,369)	246,358	240,943	0	0	487,301
Office of the Secretary	BA	45,006	44,920	(1,931)	43,075	0	0	0	43,075
	O	65,908	39,514	(1,699)	64,209	0	0	0	64,209
Office of the Solicitor	BA	20,256	20,256	(871)	19,385	0	0	0	19,385
	O	20,053	18,602	(800)	19,253	0	0	0	19,253
Office of Inspector General	BA	16,117	16,117	(693)	15,424	0	0	0	15,424
	O	18,561	15,069	(648)	17,913	0	0	0	17,913
Total	BA	6,387,046	5,966,579	(218,058)	6,168,988	311,713	(116,104)	0	6,364,597
	O	6,856,631	4,700,955	(202,281)	6,654,350	254,019	(27,721)	0	6,880,648

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation		Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
--Current Authority--									
Bureau of Land Management	BA	574,350	574,049	(24,510)	549,840	0	0	0	549,840
	O	584,097	498,490	(21,435)	562,662	0	(3,000)	0	559,662
Minerals Management Service	BA	167,010	167,010	(7,181)	159,829	800	0	0	160,629
	O	177,641	112,732	(4,847)	172,794	800	0	0	173,594
Office of Surface Mining	BA	291,283	290,783	(12,504)	278,779	0	0	0	278,779
	O	321,020	106,826	(4,593)	316,427	0	0	0	316,427
Bureau of Reclamation	BA	777,915	777,915	(33,452)	744,463	0	0	0	744,463
	O	995,000	695,661	(29,891)	965,109	0	0	0	965,109
Geological Survey	BA	429,369	429,369	(18,463)	410,906	0	0	0	410,906
	O	445,098	487,453	(20,960)	424,138	0	0	0	424,138
Bureau of Mines	BA	133,449	133,449	(5,738)	127,711	0	0	0	127,711
	O	148,609	92,729	(3,987)	144,622	0	0	0	144,622
Fish and Wildlife Service	BA	381,530	380,517	(16,362)	365,168	0	(4,951)	0	360,217
	O	392,958	286,567	(12,323)	380,635	0	(2,971)	0	377,664
National Park Service	BA	876,160	876,160	(37,675)	838,485	13,470	(82,443)	0	769,512
	O	1,000,959	586,058	(23,911)	977,048	10,776	(21,750)	0	966,074
Bureau of Indian Affairs	BA	1,006,403	1,002,403	(43,103)	963,300	26,500	0	0	989,800
	O	1,044,961	770,678	(33,255)	1,011,706	1,500	0	0	1,013,206
Territorial Affairs	BA	159,784	159,784	(6,870)	152,914	178,750	0	0	331,664
	O	194,727	134,612	(5,789)	188,938	158,958	0	0	347,896
Office of the Secretary	BA	44,920	44,920	(1,931)	42,989	0	0	0	42,989
	O	65,908	39,514	(1,699)	64,209	0	0	0	64,209
Office of the Solicitor	BA	20,256	20,256	(871)	19,385	0	0	0	19,385
	O	20,053	18,602	(800)	19,253	0	0	0	19,253
Office of Inspector General	BA	16,117	16,117	(693)	15,424	0	0	0	15,424
	O	18,561	15,069	(648)	17,913	0	0	0	17,913
Total	BA	4,878,546	4,872,732	(209,353)	4,669,193	219,520	(87,394)	0	4,801,319
	O	5,409,592	3,844,991	(164,138)	5,245,454	172,034	(27,721)	0	5,389,767

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation		Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
--Permanent Authority--									
Bureau of Land Management..................	BA	17,304	84,669	(3,641)	13,663	0	0	0	13,663
	O	27,325	62,758	(2,698)	24,627	0	0	0	24,627
Minerals Management Service................	BA	574,391	555,691	0	574,391	0	0	0	574,391
	O	574,391	555,691	(23,895)	550,496	0	0	0	550,496
Office of Surface Mining...................	BA	0	0	0	0	0	0	0	0
	O	0	0	0	0	0	0	0	0
Bureau of Reclamation......................	BA	37,941	21,200	(897)	37,044	0	0	0	37,044
	O	37,941	8,906	(383)	37,558	0	0	0	37,558
Geological Survey..........................	BA	500	0	0	500	0	0	0	500
	O	551	0	0	551	0	0	0	551
Bureau of Mines............................	BA	500	0	0	500	0	0	0	500
	O	533	0	0	533	0	0	0	533
Fish and Wildlife Service..................	BA	270,301	267,532	0	270,301	0	0	0	270,301
	O	235,890	124,600	(5,357)	230,533	0	0	0	230,533
National Park Service......................	BA	54,060	40,855	(1,290)	52,770	0	(28,710)	0	24,060
	O	28,371	8,475	(1,654)	26,717	0	0	0	26,717
Bureau of Indian Affairs...................	BA	493,417	63,900	(297)	493,120	0	0	0	493,120
	O	481,957	35,534	(1,576)	480,381	0	0	0	480,381
Territorial Affairs........................	BA	60,000	60,000	(2,580)	57,420	92,193	0	0	149,613
	O	60,000	60,000	(2,580)	57,420	81,985	0	0	139,405
Office of the Secretary....................	BA	86	0	0	86	0	0	0	86
	O	88	0	0	88	0	0	0	88
Office of the Solicitor....................	BA	0	0	0	0	0	0	0	0
	O	0	0	0	0	0	0	0	0
Office of Inspector General................	BA	0	0	0	0	0	0	0	0
	O	0	0	0	0	0	0	0	0
Total......................................	BA	1,508,500	1,093,847	(8,705)	1,499,795	92,193	(28,710)	0	1,563,278
	O	1,447,039	855,964	(38,143)	1,408,896	81,985	0	0	1,490,881

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
BUREAU OF LAND MANAGEMENT								
--Current--								
Management of Lands and Resources								
Energy and Minerals Management								
Fluid Energy Minerals								
Oil & Gas Leasing	44,545		(1,915)	42,630				42,630
Geothermal Leasing	2,758		(119)	2,639				2,639
Subtotal, Fluid energy minerals	47,303	0	(2,034)	45,269	0	0	0	45,269
Solid Energy Minerals								
Coal Leasing	19,338		(832)	18,506				18,506
Oil Shale and Tar Sands leasing	2,098		(90)	2,008				2,008
Subtotal, solid energy minerals	21,436	0	(922)	20,514	0	0	0	20,514
Non-Energy Minerals								
Mineral Material Sales	2,184		(94)	2,090				2,090
Mining Law Administration	8,151		(350)	7,801				7,801
Mineral Leasing	4,208		(181)	4,027				4,027
Uranium operations	621		(27)	594				594
Subtotal, Non-Energy Minerals	15,164	0	(652)	14,512	0	0	0	14,512
Subtotal, Energy & Minerals Management.	83,903	0	(3,608)	80,295	0	0	0	80,295
Lands and Realty Management								
Realty Operations								
Rights-of-Way (Energy Realty)	7,776		(334)	7,442				7,442
Lower 48 lands program(Non-energy realty)	16,799		(723)	16,076				16,076
Alaska Lands program	13,398		(576)	12,822				12,822
Subtotal, Realty operations	37,973	0	(1,633)	36,340	0	0	0	36,340
Withdrawal Processing and Review	3,744		(161)	3,583				3,583
Subtotal, Lands and Realty Management..	41,717	0	(1,794)	39,923	0	0	0	39,923

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Renewable Resources Management								
Forest Management								
Public Domain	6,814		(293)	6,521				6,521
Western Oregon	914		(39)	875				875
Subtotal, Forest Management	7,728	0	(332)	7,396	0	0	0	7,396
Range Management								
Wild Horse & Burro Management	16,964		(730)	16,234				16,234
Grazing Management	30,636		(1,317)	29,319				29,319
Subtotal, Range Management	47,600	0	(2,047)	45,553	0	0	0	45,553
Soil, Water, & Air Management	16,391		(705)	15,686				15,686
Wildlife Habitat Management	16,054		(690)	15,364				15,364
Recreation Management								
Cultural Resources Management	6,043		(260)	5,783				5,783
Wilderness Management	7,280		(313)	6,967				6,967
Recreation Resources Management	8,074		(347)	7,727				7,727
Subtotal, Recreation Management	21,397	0	(920)	20,477	0	0	0	20,477
Fire Management	8,824		(380)	8,444				8,444
Subtotal, Renewable Resources Mgt.	117,994	0	(5,074)	112,920	0	0	0	112,920
Planning and Data Management								
Planning	9,453		(406)	9,047				9,047
Data Management	13,695		(589)	13,106				13,106
Subtotal, Planning and Data Management	23,148	0	(995)	22,153	0	0	0	22,153
Cadastral Survey								
Alaska	15,083		(649)	14,434				14,434
Other States	11,673		(502)	11,171				11,171
Subtotal, Cadastral Survey	26,756	0	(1,151)	25,605	0	0	0	25,605

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Fire Control								
Firefighting & Presuppression	3,492		(150)	3,342				3,342
Rehabilitation	584		(25)	559				559
Subtotal, Firefighting & Rehabilitation	4,076	0	(175)	3,901	0	0	0	3,901
Technical Services								
Resource Protection	3,320		(143)	3,177				3,177
Maintenance and engineering service								
Buildings	3,421		(147)	3,274				3,274
Recreation	4,096		(176)	3,920				3,920
Transportation	3,483		(150)	3,333				3,333
Engineering services	1,160		(50)	1,110				1,110
Subtotal, Maint. and eng. services	12,160	0	(523)	11,637	0	0	0	11,637
Subtotal, Technical Services	15,480	0	(666)	14,814	0	0	0	14,814
General Administration								
Executive and managerial direction	5,567		(239)	5,328				5,328
Equal employment opportunity	2,064		(89)	1,975				1,975
Administrative services support	31,894		(1,371)	30,523				30,523
Bureauwide fixed costs	43,576		(1,874)	41,702				41,702
BLM/Forest Service Adjustment Costs	0		0	0				0
Subtotal, General Administration	83,101	0	(3,573)	79,528	0	0	0	79,528
Total, Management of Lands and Resource	396,175	396,175	(17,036)	379,139	0	0	0	379,139
Outlays	404,502	340,208	(14,629)	389,873	0	0	0	389,873
Construction and Access								
Construction								
Building construction	0		0	0				0
Recreation Construction	0		0	0				0
Transportation	0		0	0				0
Access	1,395		(60)	1,335				1,335
Total, Construction and Access	1,395	1,395	(60)	1,335	0	0	0	1,335
Outlays	2,638	400	(17)	2,621	0	0	0	2,621

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Payments in Lieu of Taxes								
Payments to Local Governments	104,370		(4,488)	99,882	0	0	0	99,882
Total, Payments in Lieu of Taxes	104,370	104,370	(4,488)	99,882	0	0	0	99,882
Outlays	104,373	104,370	(4,488)	99,885	0	0	0	99,885
Oregon & California Grant Lands								
Construction and Acquisition	528		(23)	505				505
Maintenance	3,981		(177)	3,804			149	3,953
Renewable Resource Management	50,873		(2,181)	48,692			(149)	48,543
Planning and Data Management	395		(17)	378				378
Total, Oregon & California Grant Lands	55,777	55,777	(2,398)	53,379	0	0	0	53,379
Outlays	55,777	41,277	(1,775)	54,002	0	0	0	54,002
Land Acquisition								
Bureau of Land Management:								
Acquisitions	1,988		(85)	1,903				1,903
Acquisition Management	298		(13)	285				285
Total, Land Acquisition	2,286	2,286	(98)	2,188	0	0	0	2,188
Outlays	3,250	3,165	(136)	3,114	0	(3,000)	0	114
Range Improvement Fund								
Improvement to Public Lands	8,000		(344)	7,656				7,656
Farm Tenant Act Lands	1,400		(60)	1,340				1,340
Administrative expenses	600		(26)	574				574
Total, Range Improvements	10,000	10,000	(430)	9,570	0	0	0	9,570
Outlays	10,000	6,124	(263)	9,737	0	0	0	9,737

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Service Charges, Deposits, and Forfeitures								
Rights-of-way Processing........................	1,690			1,690				1,690
Adopt-a-horse program...........................	865			865				865
Repair of Damaged Lands.........................	1,342			1,342				1,342
Cost recoverable realty cases...................	350			350				350
Total, Service Charges, Deposits, and Forfeitures...........................	4,247	4,046	0	4,247	0	0	0	4,247
Outlays...........................	4,247	2,946	(127)	4,120	0	0	0	4,120
Working Capital Fund								
Working Capital Fund............................	0	0	0	0	0	0	0	0
Outlays...........................	(790)	0	0	(790)	0	0	0	(790)
Trust Funds								
Miscellaneous Trust Funds Current, Indefinite...........................	100	0	0	100	0	0	0	100
Outlays...........................	100	0	0	100	0	0	0	100
Total, Current..............................	574,350	574,049	(24,510)	549,840	0	0	0	549,840
	584,077	498,490	(21,435)	562,662	0	(3,000)	0	559,662
--Permanent--								
Special Acquisition of Lands and Minerals								
Rattlesnake NRA and Wilderness Area...........	1,300	0	0	1,300	0	0	0	1,300
Outlays...........................	1,300	0	0	1,300	0	0	0	1,300
Operation and Maintenance of Quarters								
Operation and Maintenance of Quarters.........	250	0	0	250	0	0	0	250
Outlays...........................	100	0	0	100	0	0	0	100
Miscellaneous Permanent Appropriations								
Miscellaneous Permanent Appropriations........	15,134	84,669	(3,641)	11,513	0	0	0	11,513
Outlays...........................	25,325	62,758	(2,698)	22,627	0	0	0	22,627

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Trust Funds								
Miscellaneous Trust Funds Permanent, Indefinite	600	0	0	600	0	0	0	600
	600	0	0	600	0	0	0	600
Total, Permanent	17,304	84,669	(3,641)	13,663	0	0	0	13,663
Outlays	27,325	62,758	(2,698)	24,627	0	0	0	24,627
Total, Bureau of Land Management	591,654	658,718	(28,151)	563,503	0	0	0	563,503
Outlays	611,422	561,248	(24,133)	587,289	0	(3,000)	0	584,289

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
MINERALS MANAGEMENT SERVICE								
--Current--								
Leasing and Royalty Management								
Outer Continental Shelf								
Leasing and environmental program..........	43,660		(1,877)	41,783				41,783
Resource evaluation program................	24,004		(1,032)	22,972				22,972
Regulatory program.........................	31,902		(1,372)	30,530				30,530
Subtotal, Outer Continental Shelf Lands	99,566	0	(4,281)	95,285	0	0	0	95,285
Royalty management								
Mineral revenue collections................	15,079		(646)	14,433			(63)	14,370
Mineral revenue compliance.................	10,463		(450)	10,013				10,013
Systems development and operation..........	19,448		(836)	18,612				18,612
Subtotal, royalty management............	44,990	0	(1,932)	43,058	0	0	(63)	42,995
General administration								
Executive direction........................	3,259		(140)	3,119				3,119
Administrative operations..................	9,408		(407)	9,001			63	9,064
General support services...................	9,787		(421)	9,366				9,366
Subtotal, general administration.......	22,454	0	(968)	21,486	0	0	63	21,549
Proposed for later transmittal...............	0			0				0
Total, Leasing and Royalty Management..	167,010	0	(7,181)	159,829	0	0	0	159,829
Outlays........................	177,641	112,732	(4,847)	172,794	0	0	0	172,794
Payments to States under Mineral Leasing Act								
Interest on late payments (perm, current)....	0	0	0	0	800	0	0	800
Outlays........................	0	0	0	0	800	0	0	800
Total, Current.........................	167,010	167,010	(7,181)	159,829	800	0	0	160,629
Outlays........................	177,641	112,732	(4,847)	172,794	800	0	0	173,594

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
--Permanent--								
Miscellaneous Permanent Appropriations								
Payments to states under Mineral Leasing Act.	574,391		0	574,391	0	0	0	574,391
Total, Miscellaneous Permanent Appn.....	574,391	555,691	0	574,391	0	0	0	574,391
Outlays...........................	574,391	555,691	(23,895)	550,496	0	0	0	550,496
Total, Permanent........................	574,391	555,691	0	574,391	0	0	0	574,391
Outlays...........................	574,391	555,691	(23,895)	550,496	0	0	0	550,496
Total, Minerals Management Service.....	741,401	722,701	(7,181)	734,220	800	0	0	735,020
Outlays...........................	752,032	668,423	(28,742)	723,290	800	0	0	724,090

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
OFFICE OF SURFACE MINING								
--Current--								
Regulation and Technology								
State Regulatory Program Grants	36,977		(1,590)	35,387				35,387
Federal Regulatory Programs								
Program operations and inspections								0
Technical support								0
Regulatory program operations	19,018		(796)	18,222				18,222
Tech services: training & research	13,210		(568)	12,642				12,642
Assessments and collections	7,250		(312)	6,938				6,938
Subtotal, Federal Regulatory Programs	39,478	0	(1,676)	37,802	0	0	0	37,802
General Administration								
Executive direction	1,640		(71)	1,569				1,569
Administrative support	3,579		(154)	3,425				3,425
General services	3,468		(149)	3,319				3,319
Subtotal, General administration	8,687	0	(374)	8,313	0	0	0	8,313
Total, Regulation and Technology	85,142	84,642	(3,640)	81,502	0	0	0	81,502
Outlays	83,222	49,754	(2,139)	81,083	0	0	0	81,083
Abandoned Mine Reclamation Fund								
State Reclamation Program Grants	156,156		(6,715)	149,441			0	149,441
Federal Reclamation Programs								
Fee compliance	2,800		(120)	2,680				2,680
Reclamation program operations	30,005		(1,290)	28,715				28,715
Rural lands reclamation program	9,424		(405)	9,019				9,019
Subtotal	42,229	0	(1,815)	40,414	0	0	0	40,414

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Small Operator Assistance........................	3,082		(133)	2,949				2,949
General Administration:								
Executive direction........................	830		(36)	794				794
Administrative support........................	1,998		(86)	1,912				1,912
General services........................	1,846		(79)	1,767				1,767
General Administration........................	4,674	0	(201)	4,473	0	0	0	4,473
Total, Abandoned Mine Reclamation Fund.	206,141	206,141	(8,864)	197,277	0	0	0	197,277
Outlays........................	237,798	57,072	(2,454)	235,344	0	0	0	235,344
Total, Current........................	291,283	290,783	(12,504)	278,779	0	0	0	278,779
Outlays........................	321,020	106,026	(4,593)	316,427	0	0	0	316,427
Total, Office of Surface Mining Reclamation and Enforcement........................	291,283	290,783	(12,504)	278,779	0	0	0	278,779
Outlays........................	321,020	106,026	(4,593)	316,427	0	0	0	316,427

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
GEOLOGICAL SURVEY								
--Current--								
Surveys, Investigations, and Research								
National Mapping, Geography and Surveys								
Primary mapping and revision	37,636		(1,618)	36,018				36,018
Advanced cartographic systems	7,406		(318)	7,088				7,088
Digital Cartography	13,449		(578)	12,871				12,871
Small intermediate and special mapping	14,528		(625)	13,903				13,903
Earth resources observation system	9,368		(403)	8,965				8,965
Cartographic and geographic information	3,522		(151)	3,371				3,371
Side looking airborne radar	1,988		(87)	1,901				1,901
Subtotal	87,897	0	(3,780)	84,117	0	0	0	84,117
Geologic and Mineral Resource Surveys and Mapping								
Geologic hazards surveys								
Earthquake hazards reduction	35,875		(1,543)	34,332				34,332
Volcano Hazards	10,618		(457)	10,161				10,161
Landslide hazards	2,982		(128)	2,854				2,854
Subtotal, Geologic hazards surveys	49,475	0	(2,128)	47,347	0	0	0	47,347
Land resource surveys								
Geologic framework	19,472		(838)	18,634				18,634
Geomagnetism	2,146		(92)	2,054				2,054
Climate change	988		(42)	946				946
Subtotal, Land resource surveys	22,606	0	(972)	21,634	0	0	0	21,634
Mineral resource surveys	46,578		(2,003)	44,575				44,575
Energy geologic surveys	27,926		(1,201)	26,725				26,725
Offshore geologic surveys	26,429		(1,136)	25,293				25,293
Subtotal	173,014	0	(7,440)	165,574	0	0	0	165,574

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Water Resources Investigations								
Federal Program	73,665		(3,168)	70,497				70,497
National water quality assessment	2,485		(107)	2,378				2,378
Water resources research institutes	12,699		(546)	12,153				12,153
Federal-State program	52,010		(2,236)	49,774				49,774
Subtotal	140,859	0	(6,057)	134,802	0	0	0	134,802
General Administration	13,422		(576)	12,846				12,846
Facilities	14,177		(610)	13,567				13,567
Total, SIR	429,369	429,369	(18,463)	410,906	0	0	0	410,906
Outlays	440,934	487,453	(20,960)	419,974	0	0	0	419,974
Exploration of the NPRA								
Exploration of the NPRA	0	0	0	0	0	0	0	0
Outlays	3,959	0	0	3,959	0	0	0	3,959
Barrow Area Gas, Opn, Exp, & Dev								
Barrow Area Gas, Opn, Exp, & Dev	0	0	0	0	0	0	0	0
Outlays	205	0	0	205	0	0	0	205
Total, Current	429,369	429,369	(18,463)	410,906	0	0	0	410,906
Outlays	445,098	487,453	(20,960)	424,138	0	0	0	424,138
--Permanent--								
Trust Funds								
Contributed Funds	500	0	0	500	0	0	0	500
Outlays	551	0	0	551	0	0	0	551
Total, Permanent	500	0	0	500	0	0	0	500
Outlays	551	0	0	551	0	0	0	551
Total, Geological Survey	429,869	429,369	(18,463)	411,406	0	0	0	411,406
Outlays	445,649	487,453	(20,960)	424,689	0	0	0	424,689

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
BUREAU OF MINES								
--Current--								
Mines and Minerals								
Minerals Research:								
Health and Safety Technology................	33,470		(1,430)	32,040			132	32,172
Conservation and Development:								
Mining Technology........................	10,052		(430)	9,622			54	9,676
Resource Conservation and Technology.....	3,030		(130)	2,900			9	2,909
Subtotal, Conservation and Development.	13,082	0	(560)	12,522	0	0	63	12,585
Minerals and Materials Research............	32,515		(1,384)	31,131				31,131
Subtotal, Minerals Research............	79,067	0	(3,374)	75,693	0	0	195	75,888
Minerals Information and Analysis:								
Minerals Information........................	10,554		(449)	10,105				10,105
Mineral Data Analysis......................	18,431		(785)	17,646				17,646
Subtotal, Minerals Information & Anal..	28,985	0	(1,234)	27,751	0	0	0	27,751
Mineral Institutes...........................	7,950		(338)	7,612				7,612
General Administration......................	18,802		(792)	18,010			(195)	17,815
Bruceton facility/constr & rehab............	0			0				0
Program offset from FY 1985 deferral.........	(1,355)			(1,355)				(1,355)
Total, Mines and Minerals...............	133,449	133,449	(5,738)	127,711	0	0	0	127,711
Outlays.........................	149,716	90,329	(3,884)	145,832	0	0	0	145,832
Helium Fund								
Base Program..................................	0	0	0	0	0	0	0	0
Outlays.........................	(1,107)	2,400	(103)	(1,210)	0	0	0	(1,210)
Total, Current.........................	133,449	133,449	(5,738)	127,711	0	0	0	127,711
Outlays.........................	148,609	92,729	(3,987)	144,622	0	0	0	144,622

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
--Permanent--								
Trust Funds								
Contributed Funds..(permanent indefinite)....	500	0	0	500	0	0	0	500
Outlays........................	533	0	0	533	0	0	0	533
Total, Permanent........................	500	0	0	500	0	0	0	500
Outlays........................	533	0	0	533	0	0	0	533
Total, Bureau of Mines.................	133,949	133,449	(5,738)	128,211	0	0	0	128,211
Outlays........................	149,142	92,729	(3,987)	145,155	0	0	0	145,155

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
U. S. FISH AND WILDLIFE SERVICE								
--Current--								
Resource Management								
Habitat Resources								
Field Operations	22,315		(960)	21,355			(10)	21,345
National Wetlands Inventory	5,355		(231)	5,124			(9)	5,115
Research and Development	15,477		(665)	14,812			(10)	14,802
Cooperative research units	4,665		(200)	4,465				4,465
Subtotal	47,812	0	(2,056)	45,756	0	0	(29)	45,727
Wildlife Resources								
Refuge operations and maintenance	106,737		(4,542)	102,195			(1,183)	101,012
Law enforcement and protection	10,004		(442)	9,562				9,562
Population management	7,237		(316)	6,921			109	7,030
Research and Development	10,156		(479)	9,677			994	10,671
Alaska Subsistance Grants	974		(42)	932				932
Subtotal	135,108	0	(5,821)	129,287	0	0	(80)	129,207
Fishery Resources								
Hatchery operations and maintenance	26,373		(1,134)	25,239			(26)	25,213
Lower Snake River Compensation Plan	5,631		(242)	5,389				5,389
Refuge operations and maintenance	2,164		(93)	2,071				2,071
Law enforcement and protection	2,153		(93)	2,060				2,060
Population management	2,149		(92)	2,057				2,057
Research and Development	12,127		(522)	11,605				11,605
Subtotal	50,597	0	(2,176)	48,421	0	0	(26)	48,395

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Endangered Species								
Listing	3,225		(139)	3,086			(15)	3,071
Law enforcement and protection	8,648		(372)	8,276				8,276
Consultation	2,614		(112)	2,502				2,502
Recovery	6,884		(296)	6,588				6,588
Research and Development	4,545		(195)	4,350				4,350
Cooperation with states	4,393		(189)	4,204				4,204
Subtotal	30,309	0	(1,303)	29,006	0	0	(15)	28,991
General Administration Executive								
Direction	7,306		(314)	6,992			150	7,142
Administrative services	10,251		(441)	9,810				9,810
Related support services	18,032		(775)	17,257				17,257
Subtotal	35,589	0	(1,530)	34,059	0	0	150	34,209
Total, Resource Management	299,415	299,665	(12,886)	286,529	0	0	0	286,529
Outlays	294,363	244,420	(10,510)	283,853	0	0	0	283,853
Construction and Anadromous Fish								
Construction and rehabilitation								
Refuges	5,622		(242)	5,380				5,380
Hatcheries	10,354		(208)	10,146			(5,527)	4,619
Fishery Research facilities	125		(243)	(118)			5,527	5,409
Dam safety	2,017		(87)	1,930				1,930
Wildlife research facility	75		(3)	72				72
Advance planning	987		(42)	945				945
Anadromous fish grants	1,988		(85)	1,903				1,903
Total, Construction and Anadromous Fish	21,168	21,168	(910)	20,258	0	0	0	20,258
Outlays	26,511	4,340	(187)	26,324	0	0	0	26,324

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Migratory Bird Conservation Account								
Advance Appropriation	14,910	13,647	(587)	14,323	0	0	0	14,323
Outlays	14,760	13,167	(566)	14,194	0	0	0	14,194
National Wildlife Refuge Fund								
Payments in Lieu of Taxes	5,611	5,611	(241)	5,370	0	0	0	5,370
Outlays	5,611	3,415	(147)	5,464	0	0	0	5,464
Land Acquisition and State Assistance								
Federal Acquisition								
Acquisitions - non wet-lands	38,836		(1,670)	37,166		(4,951)		32,215
Acquisition management	1,590		(68)	1,522				1,522
Acquisitions - wetlands	0		0	0				0
State grants - wetlands	0		0	0				0
Total	40,426	40,426	(1,738)	38,688	0	(4,951)	0	33,737
Outlays	51,713	21,224	(913)	50,800	0	(2,971)	0	47,829
Total, Current	381,530	380,517	(16,362)	365,168	0	(4,951)	0	360,217
Outlays	392,958	286,567	(12,323)	380,635	0	(2,971)	0	377,664
--Permanent--								
Migratory Bird Conservation Account								
Receipts	14,400	15,663	0	14,400	0	0	0	14,400
Outlays	20,494	15,122	(650)	19,844	0	0	0	19,844
National Wildlife Refuge Fund								
Permanent, indefinite	7,040	7,040	0	7,040	0	0	0	7,040
Outlays	6,989	4,322	(186)	6,803	0	0	0	6,803
Miscellaneous Permanent Appropriations								
Miscellaneous Permanent Appropriations	121,029	121,029	0	121,029	0	0	0	121,029
Outlays	112,979	61,336	(2,637)	110,342	0	0	0	110,342

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Operations and Maintenance of Quarters								
Appropriation, permanent..........................	1,500	1,500	0	1,500	0	0	0	1,500
Outlays..........................	1,525	1,008	(43)	1,482	0	0	0	1,482
Sport Fish Restoration Account								
Payments to states..............................	122.167	122,167	0	122,167	0	0	0	122,167
Outlays..........................	90,000	42,680	(1,835)	88,165	0	0	0	88,165
Trust Funds								
Contributed Funds..(permanent, indefinite)...	4,165	133	0	4,165	0	0	0	4,165
Outlays..........................	3,903	133	(6)	3,897	0	0	0	3,897
Total, Permanent..........................	270,301	267,532	0	270,301	0	0	0	270,301
Outlays..........................	235,890	124,600	(5,357)	230,533	0	0	0	230,533
Total, Fish and Wildlife Service.......	651,831	648,049	(16,362)	635,469	0	(4,951)	0	630,518
Outlays..........................	628,848	411,167	(17,680)	611,168	0	(2,971)	0	608,197

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
NATIONAL PARK SERVICE								
--Current--								
Operation of the National Park System								
Park Management								
Management of park areas	61,544		(2,646)	58,898				58,898
Concessions management	3,548		(153)	3,395				3,395
Interpretation and Visitor Services	65,119		(2,800)	62,319				62,319
Visitor protection and safety	81,220		(3,492)	77,728	770			78,498
Maintenance	239,070		(10,282)	228,788				228,788
Resources management	95,641		(4,113)	91,528	3,200			94,728
Informational publications	2,890		(124)	2,766				2,766
International Park Affairs	771		(33)	738				738
Volunteers-in-parks	487		(21)	466				466
Subtotal	550,290	0	(23,664)	526,626	3,970	0	0	530,596
Forest Fire Suppression and Rehabilitation	1,149		(30)	1,119	9,500			10,619
Park Recreation and Wilderness Planning								
Water resources	1,909		(82)	1,827				1,827
General management plans	2,332		(100)	2,232				2,232
Subtotal	4,241	0	(182)	4,059	0	0	0	4,059
Statutory and Contractual Aid								
Roosevelt Campobello Internat'l Park Comm.	408		(18)	390				390
Ice Age National Scientific Reserve	573		(25)	548				548
Lowell Historic Preservation Canal Comm.	537		(24)	513				513
Folger Library	174		(7)	167				167
Corcoran Gallery	174		(7)	167				167
Mary McLeod Bethune NHS	99		(4)	95				95
Martin Luther King Jr. Center	199		(9)	190				190
Phillips Gallery	174		(7)	167				167
Arena Stage	174		(7)	167				167
National Building Museum	174		(7)	167				167
National Capital Children's Museum	174		(7)	167				167
Fisk University, Jubilee Hall Rehab.	168		(7)	161				161
Coop agreement to rehab McKinley Tomb	447		(20)	427				427
Subtotal	3,475	0	(149)	3,326	0	0	0	3,326

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
General administration:								
Central office	5,820		(250)	5,570				5,570
Regional office	14,993		(645)	14,348				14,348
Automatic data processing	4,827		(208)	4,619				4,619
Employee compensation payment	4,345		(187)	4,158				4,158
Servicewide administrative support	6,561		(282)	6,279				6,279
General services	390		(17)	373				373
GSA space rental	11,696		(503)	11,193				11,193
Executive direction	6,544		(281)	6,263				6,263
Unemployment compensation	7,892		(339)	7,553				7,553
Public Affairs	1,753		(75)	1,678				1,678
Subtotal, General Administration	64,821	0	(2,787)	62,034	0	0	0	62,034
Total, DNPS	623,996	0	(26,832)	597,164	13,470	0	0	610,634
1987 Proposed Legislation								
DNPS -- Recreation Fee Programs	0	0	0	0	0	0	0	0
Total, DNPS	623,996	623,996	(26,832)	597,164	13,470	0	0	610,634
Outlays	626,000	502,599	(21,612)	604,388	10,776	0	0	615,164
National Recreation and Preservation								
Recreation Programs	627		(27)	600				600
Natural Programs	1,653		(71)	1,582				1,582
National Register	6,843		(294)	6,549				6,549
Environmental and Compliance Review	400		(17)	383				383
Grant Administration	1,506		(65)	1,441				1,441
Total, Nat'l Recreation & Preservation	11,029	11,029	(474)	10,555	0	0	0	10,555
Outlays	12,232	9,926	(427)	11,805	0	0	0	11,805

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Planning, Dev. & Opn of Rec Facilities								
Base program	0	0	0	0	0	0	0	0
Outlays	91	0	0	91	0	0	0	91
Historic Preservation Fund								
Grants-in-aid	20,411		(878)	19,533		(15,247)		4,286
National Trust for Historic Preservation	4,384		(188)	4,196		(3,276)		920
Total, Historic Preservation Fund	24,795	24,795	(1,066)	23,729	0	(18,523)	0	5,206
Outlays	25,042	7,679	(330)	24,712	0	(6,668)	0	18,044
Construction								
Advance Planning	5,368		(231)	5,137				5,137
Emergency and Unscheduled Projects	2,981		(128)	2,853				2,853
Project Planning	9,294		(400)	8,894		(979)		7,915
Line Item Construction Projects	95,793		(4,119)	91,674		(7,734)		83,940
Total, Construction	113,436	113,436	(4,878)	108,558	0	(8,713)	0	99,845
Outlays	106,000	26,058	(1,120)	104,880	0	(1,703)	0	103,177
Land Acquisition and State Assistance								
Assistance to States								
Matching grants	48,060		(2,066)	45,994		(35,901)		10,093
Administrative expenses	1,640		(71)	1,569				1,569
National Park Service								
Acquisitions	43,140		(1,055)	41,285		(19,306)		21,979
Acquisition management	4,970		(214)	4,756				4,756
Pinelands National Reserve	0		0	0				0
Total, land acquisition/state assist.	97,810	97,810	(4,206)	93,604	0	(55,207)	0	38,397
Outlays	108,395	34,277	(104)	108,211	0	(13,379)	0	174,832
Road Construction								
Base program	0	0	0	0	0	0	0	0
Outlays	797	0	0	797	0	0	0	797

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
John F. Kennedy Center for the Performing Arts								
Base program	4,771		(205)	4,566				4,566
Total: JFK Center for Performing Arts	4,771	4,771	(205)	4,566	0	0	0	4,566
Outlays	4,509	3,459	(149)	4,360	0	0	0	4,360
Construction (Trust Fund)								
Base program (transfer from DOT - BA nonadd)	[10,300]	[10,300]	(433)	[9,867]	[0]	[0]	[0]	[9,867]
Outlays	19,300	1,906	(82)	19,218	0	0	0	19,218
Visitor Facilities Fund								
Visitor Facilities Fund	0	0	0	0	0	0	0	0
Outlays	4,547	0	0	4,547	0	0	0	4,547
Commemorative Activities Fund								
Commemorative Activities Fund	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Urban Park and Recreation Fund								
Urban Park and Recreation Fund	0	0	0	0	0	0	0	0
Outlays	13,715	0	0	13,715	0	0	0	13,715
Illinois & Michigan Canal National Heritage Corridor								
Base program	248	248	(11)	237	0	0	0	237
Outlays	248	114	(5)	243	0	0	0	243
Jefferson National Expansion Memorial Commission								
Base program	75	75	(3)	72	0	0	0	72
Outlays	75	60	(2)	73	0	0	0	73

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Total, Current	876,160	876,160	(37,675)	838,485	13,470	(82,443)	0	769,512
Outlays	1,000,959	586,050	(23,911)	977,048	10,776	(21,750)	0	966,074
--Permanent--								
Land Acquisition								
Contract authority, permanent	30,000		(1,290)	28,710				28,710
Rescission of contract authority				0		(28,710)		(28,710)
Total, Land Acquisition(Contract Auth).	30,000	30,000	(1,290)	28,710	0	(28,710)	0	0
Outlays	0	0	(1,290)	(1,290)	0	0	0	(1,290)
Miscellaneous Permanent Appropriations								
Miscellaneous Permanent Appropriations	1,271	1,271	0	1,271	0	0	0	1,271
Outlays	1,369	631	(27)	1,342	0	0	0	1,342
Operation & Maintenance of Quarters								
Operation & Maintenance of Quarters	9,584	9,584	0	9,584	0	0	0	9,584
Outlays	9,469	7,844	(337)	9,132	0	0	0	9,132
Trust Funds								
Misc Trust Funds (permanent, indefinite)	13,205	0	0	13,205	0	0	0	13,205
Outlays	17,533	0	0	17,533	0	0	0	17,533
Total, Permanent	54,060	40,855	(1,290)	52,770	0	(28,710)	0	24,060
Outlays	28,371	8,475	(1,654)	26,717	0	0	0	26,717
Total, National Park Service	930,220	917,015	(38,965)	891,255	13,470	(111,153)	0	793,572
Outlays	1,029,330	594,533	(25,565)	1,003,765	10,776	(21,750)	0	992,791

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
BUREAU OF INDIAN AFFAIRS								
--Current--								
Operation of Indian Programs								
Education								
School Operations	189,378		(8,143)	181,235				181,235
Johnson O'Malley Education Assistance	23,044		(991)	22,053				22,053
Continuing Education	56,438		(2,427)	54,011				54,011
Special enrichment program	0		0	0				0
Contract support	0		0	0				0
Subtotal, Education	268,860	0	(11,561)	257,299	0	0	0	257,299
Indian Services								
Tribal Government Services	32,233		(1,386)	30,847				30,847
Social Services	113,199		(4,868)	108,331				108,331
Law Enforcement	48,570		(2,089)	46,481				46,481
Self-Determination Services	21,337		(917)	20,420				20,420
Navajo-Hopi Settlement Program	2,931		(126)	2,805				2,805
Contract support	0		0	0				0
Subtotal, Indian Services	218,270	0	(9,386)	208,884	0	0	0	208,884
Economic Development and Employment Programs								
Employment Development	26,698		(1,148)	25,550				25,550
Business Enterprise Development	13,775		(592)	13,183				13,183
Road Maintenance	23,069		(992)	22,077				22,077
Contract support	0		0	0				0
Subtotal, Economic Development and Employment Programs	63,542	0	(2,732)	60,810	0	0	0	60,810

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Natural Resources Development								
Natural Resources, General	2,407		(103)	2,304				2,304
Agriculture	23,250		(1,000)	22,250				22,250
Forestry	33,382		(1,435)	31,947				31,947
Water Resources	10,783		(464)	10,319				10,319
Wildlife & Parks	25,783		(1,109)	24,674	1,500			26,174
Fire Suppression	419		(18)	401	25,000			25,401
Transfer to Construction	0		0	0			(25,000)	(25,000)
Transfer from Construction	0		0	0				0
Minerals and Mining	9,589		(412)	9,177				9,177
Irrigation and Power	7,940		(342)	7,598				7,598
Contract support	0		0	0				0
Subtotal, Natural Resources Development	113,562	0	(4,883)	108,679	26,500	0	(25,000)	110,179
Trust Responsibilities								
Indian Rights Protection	21,400		(920)	20,480				20,480
Real Estate and Financial Trust Services	29,852		(1,284)	28,568				28,568
Contract support	0		0	0				0
Subtotal, Trust Responsibilities	51,252	0	(2,204)	49,048	0	0	0	49,048
Facilities Management	91,298		(3,926)	87,372				87,372
General Administration								
Management and Administration	49,240		(2,117)	47,123				47,123
ADP Services	17,934		(771)	17,163				17,163
Employee compensation payments	7,478		(322)	7,156				7,156
Program management	6,520		(194)	6,326				6,326
Consolidated training program	0		0	0				0
Subtotal, General Administration	79,172	0	(3,404)	75,768	0	0	0	75,768
Tribe/Agency Operations	0		0	0				0
Emergency hay relief	5,964		(257)	5,707				5,707
2901 rescission	0		0	0				0
Total, Operation of Indian Programs	891,928	891,928	(38,353)	853,575	26,500	0	(25,000)	855,075
Outlays	910,000	724,000	(31,132)	878,868	1,500	0	0	880,368

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Construction								
Buildings and Utilities	38,365		(1,521)	36,844				36,844
Irrigation Systems	18,221		(783)	17,438				17,438
Land Acquisition	2,386		(103)	2,283				2,283
Housing	44,476		(1,912)	42,564				42,564
Transfer from OIP for fire suppression	0		0	0			25,000	25,000
Transfer to OIP for fire suppression	0		0	0				0
Reappropriation for fire suppression	0		0	0				0
Program offset from FY 1985 deferral	(3,000)		0	(3,000)				(3,000)
Total, Construction	100,448	100,448	(4,319)	96,129	0	0	25,000	121,129
Outlays	113,000	24,200	(993)	112,007	0	0	0	112,007
Road Construction								
Base Program	0	0	0	0	0	0	0	0
Outlays	(1,500)	1,000	(43)	(1,543)	0	0	0	(1,543)
Payments to Alaska Escrow								
Payments to Alaska Escrow	7,830	7,830	(337)	7,493	0	0	0	7,493
Outlays	7,830	7,830	(337)	7,493	0	0	0	7,493
Utah Paiute Trust Fund								
Trust fund	0	0	0	0	0	0	0	0
Outlays	0	0	0	0	0	0	0	0
Revolving Fund for Loans								
Appropriation, current	0	0	0	0	0	0	0	0
Outlays	5,716	12,500	(701)	5,015	0	0	0	5,015
Limitation on direct loans	[16,300]	[16,300]	[(701)]	[0]	[0]	[0]	[0]	[15,599]

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Indian Loan Guaranty and Insurance Fund								
Appropriation, current	2,197	2,197	(94)	2,103	0	0	0	2,103
Outlays	5,900	1,148	(49)	5,851	0	0	0	5,851
Limitation on guaranteed loans	[62,720]	[62,720]	[(2,697)]	[0]]	[0]	[0]	[0]	[60,023]
Liquidation of Hoonah Housing								
Base program	0	0	0	0	0	0	0	0
Outlays	15	0	0	15	0	0	0	15
Trust Funds								
Tribal Trust Funds								
Current	4,000		0	4,000				4,000
Current, Indefinite	0		0	0				0
Total, Trust Funds	4,000	0	0	4,000	0	0	0	4,000
Outlays	4,000	0	0	4,000	0	0	0	4,000
Total, Current	1,006,403	1,002,403	(43,103)	963,300	26,500	0	0	989,800
Outlays	1,044,961	770,678	(33,255)	1,011,706	1,500	0	0	1,013,206
--Permanent--								
Construction								
Proposed transfer from NCR Arts & Cultural Affairs, NPS (permanent, definite)	4,900	4,900	(211)	4,689	0	0	0	4,689
Outlays	0	0	(48)	(48)	0	0	0	(48)
Miscellaneous Permanent Appropriations								
Miscellaneous Permanent Appropriations	51,000	51,000	(86)	50,914	0	0	0	50,914
Outlays	42,200	33,825	(1,455)	40,745	0	0	0	40,745

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Operation and Maintenance of Quarters								
Operation and Maintenace of Quarters..........	8,000	8,000	0	8,000	0	0	0	8,000
Outlays...........................	7,000	1,709	(73)	6,927	0	0	0	6,927
Cooperative Fund (Papago)								
Cooperative Fund (Papago)......................	1,060	0	0	1,060	0	0	0	1,060
Outlays...........................	0	0	0	0	0	0	0	0
Trust Funds								
Tribal Trust Funds Permanent, Indefinite........................	420,457	0	0	420,457	0	0	0	420,457
Outlays...........................	432,757	0	0	432,757	0	0	0	432,757
Total, Permanent........................	493,417	63,900	(297)	493,120	0	0	0	493,120
Outlays...........................	481,957	35,534	(1,576)	480,381	0	0	0	480,381
Total, Bureau of Indian Affairs	1,499,820	1,064,303	(43,400)	1,456,420	26,500	0	0	1,482,920
Outlays...........................	1,526,918	806,212	(34,831)	1,492,087	1,500	0	0	1,493,587

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
TERRITORIAL AFFAIRS								
--Current--								
Administration of Territories								
Guam								
Economic Development Fund	0		0	0				0
Construction grants	4,556		(196)	4,360				4,360
Subtotal, Guam	4,556	0	(196)	4,360	0	0	0	4,360
American Samoa								
Operations grants	20,651		(888)	19,763				19,763
Construction grants	5,886		(253)	5,633				5,633
Economic Development Fund	0			0				0
Special program grants	0			0				0
Subtotal, American Samoa	26,537	0	(1,141)	25,396	0	0	0	25,396
Northern Marianas								
Covenant grants	27,726		(1,192)	26,534				26,534
Covenant inflation adjustment	0		0	0				0
Construction grants, other	3,330		(143)	3,187				3,187
Subtotal, Northern Marianas	31,056	0	(1,335)	29,721	0	0	0	29,721
Northern Mariana Federal Laws Commission	0	0	0	0			0	0
Virgin Islands								
Virgin Islands loan	1,988		(85)	1,903				1,903
College of the V. I. Development Grant	0			0				0
Construction grants	0			0				0
Subtotal, Virgin Islands	1,988	0	(85)	1,903	0	0	0	1,903

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Territorial Administration								
Office of Territorial Affairs	2,458		(106)	2,352				2,352
Guam Power Authority	8,428		(362)	8,066				8,066
Technical Assistance	4,871		(210)	4,661				4,661
Subtotal, Territorial Administration	15,757	0	(678)	15,079	0	0	0	15,079
Total, Administration of Territories	79,894	79,894	(3,435)	76,459	0	0	0	76,459
Outlays	95,922	64,831	(2,788)	93,134	0	0	0	93,134
Trust Territory of the Pacific Islands								
Operations								
Trust Territory operations	5,389		(231)	5,158				5,158
Federated States of Micronesia	40,505		(1,742)	38,763				38,763
Republic of the Marshall Islands	11,432		(492)	10,940				10,940
Republic of Palau Operations	10,537		(453)	10,084				10,084
Prior service benefit trust fund	0		0	0				0
Subtotal, Operations	67,863	0	(2,918)	64,945	0	0	0	64,945
Construction								
Capital Improvements	9,393		(404)	8,989				8,989
Capital Relocations	0		0	0				0
Subtotal, Construction	9,393	0	(404)	8,989	0	0	0	8,989
Enewetak support	895		(38)	857				857
Enjebi trust fund	0		0	0				0
Bikini support	0		0	0				0
Bikini resettlement	1,739		(75)	1,664				1,664
Total, TTPI	79,890	79,890	(3,435)	76,455	0	0	0	76,455
Outlays	100,246	69,781	(3,001)	97,245	0	0	0	97,245

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Compact of Free Association								
Compact of Free Association..................	0		0	0				0
Proposed supplemental......................	0		0	0	178,750			178,750
Total, Compact of Free Assn............	0	0	0	0	178,750	0	0	178,750
Outlays..........................	0	0	0	0	158,958	0	0	158,958
Admin of Territories, FFB Direct Loans								
Base program..............................	0	0	0	0	0	0	0	0
Outlays..........................	(1,441)	0	0	(1,441)	0	0	0	(1,441)
Total, Current..........................	159,784	159,784	(6,870)	152,914	178,750	0	0	331,664
Outlays..........................	194,727	134,612	(5,789)	188,938	158,958	0	0	347,896
--Permanent--								
Payments to the United States Territories Fiscal Assistance								
Payment to US Territories, fiscal assistance.	60,000	60,000	(2,580)	57,420	0	0	0	57,420
Outlays..........................	60,000	60,000	(2,580)	57,420	0	0	0	57,420
Compact of Free Association								
Compact of Free Association..................	0		0	0				0
Proposed supplemental......................	0		0	0	92,193			92,193
Total, Compact of Free Assn............	0	0	0	0	92,193	0	0	92,193
Outlays..........................	0	0	0	0	81,985	0	0	81,985
Total, Permanent..........................	60,000	60,000	(2,580)	57,420	92,193	0	0	149,613
Outlays..........................	60,000	60,000	(2,580)	57,420	81,985	0	0	139,405
Total, Territorial Affairs.............	219,784	219,784	(9,450)	210,334	270,943	0	0	481,277
Outlays..........................	254,727	194,612	(8,369)	246,358	240,943	0	0	487,301

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
OFFICE OF THE SECRETARY								
--Current--								
Departmental Management								
Departmental Direction								
Immediate Office..............................	1,426		(61)	1,365				1,365
Executive Secretariat.........................	210		(9)	201				201
Cons. & Legis. Affairs........................	1,093		(47)	1,046				1,046
Equal Opportunity.............................	1,292		(56)	1,236				1,236
Public Affairs................................	696		(30)	666				666
Small & Disadvantaged Business Utilization.	398		(17)	381				381
Hist. Black Colleges & Univ...................	0		0	0				0
Subtotal, Departmental Direction.......	5,115	0	(220)	4,895	0	0	0	4,895
Program Direction and Coordination								
A/S Water and Science.........................	745		(32)	713				713
A/S Land and Minerals Management............	785		(34)	751				751
A/S Fish and Wildlife and Parks.............	766		(33)	733				733
A/S Indian Affairs............................	739		(32)	707				707
A/S Territorial and International Affairs..	548		(24)	524				524
A/S Policy, Budget and Administration......	790		(34)	756				756
Subtotal, Program Dir. & Coordination..	4,373	0	(189)	4,184	0	0	0	4,184
Administration								
Environmental Project Review................	1,491		(64)	1,427				1,427
Acquisition & Property Management..........	1,342		(58)	1,284				1,284
Personnel Management..........................	1,610		(69)	1,541				1,541
Administrative Services.......................	3,230		(139)	3,091				3,091
Information Resources Management...........	4,672		(201)	4,471				4,471
Policy Analysis...............................	2,206		(98)	2,108				2,108
Budget Office.................................	1,516		(65)	1,451				1,451
Financial Management..........................	1,014		(44)	970				970
Subtotal, Administration................	17,161	0	(738)	16,423	0	0	0	16,423

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Hearings and Appeals	5,766		(248)	5,518				5,518
Office of Aircraft Services	1,889		(81)	1,808				1,808
Central Services	8,847		(379)	8,468				8,468
Total, Departmental Management	43,151	43,151	(1,855)	41,296	0	0	0	41,296
Outlays	62,708	38,715	(1,665)	61,043	0	0	0	61,043
Construction Management								
Salaries and expenses	775		(33)	742				742
Total, Construction Management	775	775	(33)	742	0	0	0	742
Outlays	908	699	(38)	870	0	0	0	870
Special Foreign Currency Program								
Salaries and expenses	994		(43)	951				951
Total, Special Foreign Currency Program	994	994	(43)	951	0	0	0	951
Outlays	2,000	100	(4)	1,996	0	0	0	1,996
Miscellaneous Expiring Accounts								
Miscellaneous Expiring Accounts	0	0	0	0	0	0	0	0
	300	0	0	300	0	0	0	300
Total, Current	44,920	44,920	(1,931)	42,989	0	0	0	42,989
Outlays	65,908	39,514	(1,699)	64,209	0	0	0	64,209
--Permanent--								
Operation and Maintenance of Quarters								
Operation and Maintenance of Quarters	86	0	0	86	0	0	0	86
Outlays	80	0	0	80	0	0	0	80
Total, Permanent	86	0	0	86	0	0	0	86
Outlays	80	0	0	80	0	0	0	80
Total, Office of the Secretary	45,006	44,920	(1,931)	43,075	0	0	0	43,075
Outlays	65,988	39,514	(1,699)	64,289	0	0	0	64,289

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
OFFICE OF THE SOLICITOR								
--Current--								
Office of the Solicitor								
Legal Services	17,210		(740)	16,470				16,470
General Administration	3,046		(131)	2,915				2,915
Total, Office of the Solicitor	20,256	20,256	(871)	19,385	0	0	0	19,385
Outlays	20,053	18,602	(800)	19,253	0	0	0	19,253
Total, Current	20,256	20,256	(871)	19,385	0	0	0	19,385
Outlays	20,053	18,602	(800)	19,253	0	0	0	19,253
Total, Office of the Solicitor	20,256	20,256	(871)	19,385	0	0	0	19,385
Outlays	20,053	18,602	(800)	19,253	0	0	0	19,253

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
OFFICE OF THE INSPECTOR GENERAL								
--Current--								
Office of the Inspector General								
Audit	12,922		(463)	12,459			(2,155)	10,304
Investigations	2,260		(103)	2,157			139	2,296
Administration	935		(127)	808			2,016	2,824
Total, Office of the Inspector General.	16,117	16,117	(693)	15,424	0	0	0	15,424
Outlays	18,561	15,069	(648)	17,913	0	0	0	17,913
Total, Current	16,117	16,117	(693)	15,424	0	0	0	15,424
Outlays	18,561	15,069	(648)	17,913	0	0	0	17,913
Total, Office of the Inspector General.	16,117	16,117	(693)	15,424	0	0	0	15,424
Outlays	18,561	15,069	(648)	17,913	0	0	0	17,913

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
BUREAU OF RECLAMATION								
--Current--								
Loan Program								
Construction cost increases	1,000		(43)	957				957
Administration	855		(37)	818				818
Loan Ongoing	34,341		(1,520)	32,821			(8,722)	24,099
Loan New Starts	12,800		(550)	12,250			(500)	11,750
Underfinancing	(9,681)		459	(9,222)			9,222	0
Total, Loan Program	39,315	39,315	(1,691)	37,624	0	0	0	37,624
Outlays	50,000	23,804	(1,014)	48,986	0	0	0	48,986
Construction Program								
Teton claims unobligated balance	(14,000)		0	(14,000)				(14,000)
Construction ongoing	625,200		(22,433)	602,767				602,767
Construction New Starts	0		0	0				0
Underfinancing	(89,500)		0	(89,500)				(89,500)
Total, Construction Program	521,700	521,700	(22,433)	499,267	0	0	0	499,267
Outlays	705,000	365,205	(15,700)	689,300	0	0	0	689,300
General Investigations								
Ongoing investigations	31,985		(1,376)	30,609				30,609
New starts	3,225		(139)	3,086				3,086
Underfinancing/Adjustments	(1,175)		51	(1,124)				(1,124)
Total, General Investigations	34,035	34,035	(1,464)	32,571	0	0	0	32,571
Outlays	36,000	23,614	(1,084)	34,916	0	0	0	34,916
Emergency Fund								
Emergency Fund	1,000	1,000	(43)	957	0	0	0	957
Outlays	1,000	605	(26)	974	0	0	0	974

02/24/86

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
Operation and Maintenance								
Operation & Maintenance of Facilities........	118,958		(5,116)	113,842				113,842
Associated Operations & Maintenance Programs.	13,707		(589)	13,118				13,118
Total, Operations and Maintenance......	132,665	132,665	(5,705)	126,960	0	0	0	126,960
Outlays........................	138,000	108,958	(4,611)	133,389	0	0	0	133,389
General Administrative Expenses								
Washington office/engineering & research ctr.	28,649		(1,232)	27,417				27,417
Regional offices............................	20,551		(884)	19,667				19,667
Total, General Administrative Expenses.	49,200	49,200	(2,116)	47,084	0	0	0	47,084
Outlays........................	65,000	64,386	(1,906)	63,094	0	0	0	63,094
Working Capital Fund								
Working Capital Fund.......................	0	0	0	0	0	0	0	0
Outlays........................	0	0	0	0	0	0	0	0
Lower Colo River Basin Development Fund								
Lower Colo River Basin Development Fund......	0	0	0	0	0	0	0	0
Outlays........................	0	100,290	(4,312)	(4,312)	0	0	0	(4,312)
Upper Colo River Basin Fund								
Upper Colo River Basin Fund	0	0	0	0	0	0	0	0
Outlays........................	0	28,799	(1,238)	(1,238)	0	0	0	(1,238)
Total, Current........................	777,915	777,915	(33,452)	744,463	0	0	0	744,463
Outlays........................	995,000	695,661	(29,891)	965,109	0	0	0	965,109

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Analysis of FY 1986 Budget Authority and Outlays
(in thousands of dollars)

Bureau/Appropriation	Appropriation	Sequestration Baseline	G-R-H Sequestration	Appropriation less G-R-H Sequestration	Supplementals	Rescissions	All Other	Current Estimate
--Permanent--								
Colorado River Dam Fund, Boulder Canyon Project								
Base program....................................	20,850	20,850	(897)	19,953	0	0	0	19,953
Outlays..........................	20,850	8,749	(376)	20,474	0	0	0	20,474
Miscellaneous Permanent Appropriations								
Miscellaneous Permanent Appropriations.......	350	350	0	350	0	0	0	350
Outlays..........................	350	157	(7)	343	0	0	0	343
Reclamation Trust Funds								
Reclamation Trust Funds..(perm. indef).......	16,741	0	0	16,741	0	0	0	16,741
Outlays..........................	16,741	0	0	16,741	0	0	0	16,741
Total, Permanent.........................	37,941	21,200	(897)	37,044	0	0	0	37,044
Outlays..........................	37,941	8,906	(383)	37,558	0	0	0	37,558
Total, Bureau of Reclamation...........	815,856	799,115	(34,349)	781,507	0	0	0	781,507
Outlays..........................	1,032,941	704,567	(30,274)	1,002,667	0	0	0	1,002,667

FY86 Budget Assumptions

2. Question: Would you provide for the record a list by Bureau for each appropriations account, any anticipated fiscal year 1986 requests for rescissions, deferrals, or supplemental appropriations, including a description of the status of each item?

Answer: See attached table.

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget

Proposed FY 1986 Rescissions and Deferrals

(Dollar amounts in thousands)

Bureau/Account	Amount
Rescissions	
Bureau of Land Management	
Land acquisition -	
prior year unobligated balances	[3,000]
Fish and Wildlife Service	
Land acquisition -	
current authority	4,951
National Park Service	
Construction -	
current authority	8,713
prior year unobligated balances	[4,900]
Land acquisition and state assistance -	
current authority	55,207
contract authority	28,710
Historict Preservation Fund -	
current authority	18,523
Deferrals	
National Park Service	
Land acquisition and state assistance -	
current authority	1,893 1/

1/ Proposed appropriation language would make $893,000 of state grant contingency funds available for state grant administration.

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget

Proposed FY 1986 Supplemental Appropriations

(Dollar amounts in thousands)

Bureau/Account	FTE/T	Amount
Minerals Management Service		
Payments to States under Mineral Leasing Act		
Interest payments to States and Indian Accounts....	--	800
National Park Service		
Operation of the National Park System		
FY 1985 fire costs..................................	--	9,500
Alaska mining and minerals.........................	16	3,200
Park police pensions...............................	--	770
Subtotal...	16	13,470
Bureau of Indian Affairs		
Operation of Indian Programs		
FY 1985 fire costs..................................	--	25,000
Michigan fisheries settlement.......................	--	1,500
Subtotal...	--	26,500
Territorial and International Affairs		
Compact of Free Association		
Annual..	--	178,750
Permanent...	--	92,193
Subtotal...	--	270,943
Total..	16	311,713

FY87 Budget Request

3. Question: Would you supply for the record an appropriations account baseline table by Bureau for fiscal year 1987, indicating the fiscal year 1987 requests (a) made for each program by the Bureau to the Secretary, (b) made by the Department to OMB, and (c) included in the President's proposed budget?

Answer: See attached table.

02/11/86

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
BUREAU OF LAND MANAGEMENT			
--Current--			
Management of Lands and Resources			
Energy and Minerals Management			
Fluid Energy Minerals			
Oil & Gas Leasing	46,514	46,519	46,519
Geothermal Leasing	2,475	2,475	2,475
Subtotal, Fluid energy minerals	48,989	48,994	48,994
Solid Energy Minerals			
Coal Leasing	17,555	17,695	13,695
Oil Shale and Tar Sands leasing	1,631	1,631	0
Subtotal, Solid energy minerals	19,186	19,326	13,695
Non-Energy Minerals			
Mineral Material Sales	2,197	2,197	2,184
Mining Law Administration	8,800	8,960	8,210
Mineral Leasing	3,833	3,868	3,868
Uranium operations	625	625	621
Subtotal, Non-Energy Minerals	15,455	15,650	14,883
Subtotal, Energy and Minerals Managemen	83,630	83,970	77,572
Lands and Realty Management			
Realty Operations			
Rights-of-Way (Energy Realty)	6,573	6,588	8,063
Lower 48 lands program (Non-energy realty	17,996	16,725	16,725
Alaska Lands program	12,479	12,434	10,434
Subtotal, Realty operations	37,048	35,747	35,222
Withdrawal Processing and Review	3,767	3,752	3,732
Subtotal, Lands and Realty Management	40,815	39,499	38,954

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Renewable Resources Management			
Forest Management			
Public Domain	6,855	6,432	5,106
Western Oregon	920	920	0
Subtotal, Forest Management	7,775	7,352	5,106
Range Management			
Wild Horse & Burro Management	9,367	15,200	15,200
Grazing Management	31,980	31,860	30,860
Subtotal, Range Management	41,347	47,060	46,060
Soil, Water, & Air Management	14,459	14,469	14,469
Wildlife Habitat Management	14,301	14,311	13,801
Recreation Management			
Cultural Resources Management	5,678	5,653	5,078
Wilderness Management	8,074	8,254	7,254
Recreation Resources Management	7,598	7,668	7,198
Subtotal, Recreation Management	21,350	21,575	19,530
Fire Management	8,877	8,847	8,847
Subtotal, Renewable Resources Managemen	108,109	113,614	107,813
Planning and Data Management			
Planning	9,260	9,470	9,525
Data Management	14,628	14,888	14,888
Subtotal, Planning and Data Management	23,888	24,358	24,413
Cadastral Survey			
Alaska	11,674	11,649	11,069
Other States	11,042	11,042	11,622
Subtotal, Cadastral Survey	22,716	22,691	22,691

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Fire Control			
Firefighting & Presuppression..............	3,513	3,513	3,492
Rehabilitation.............................	588	588	584
Subtotal, Firefighting and Rehabilitati	4,101	4,101	4,076
Technical Services			
Resource Protection........................	3,340	3,340	3,320
Maintenance and engineering service			
Buildings..................................	3,442	3,442	3,421
Recreation.................................	4,221	4,256	3,681
Transportation.............................	4,004	4,104	3,483
Engineering services.......................	1,267	1,267	1,160
Subtotal, Maintenance and engineering s	12,934	13,069	11,745
Subtotal, Technical Services...........	16,274	16,409	15,065
General Administration			
Executive and managerial direction.........	5,601	5,556	5,525
Equal employment opportunity...............	2,076	2,066	2,056
Administrative services support............	31,863	30,633	30,680
Bureauwide fixed costs.....................	46,777	47,140	46,840
BLM/Forest Service Adjustment Costs........	0	0	3,400
Subtotal, General Administration.......	86,317	85,395	88,501
Total, Management of Lands and Resource	385,850	390,037	379,085
Construction and Access			
Construction			
Building construction......................	0	0	0
Recreation Construction....................	0	0	0
Transportation.............................	0	0	0
Access.....................................	1,203	1,203	1,200
Total, Construction and Access.........	1,203	1,203	1,200

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Payments in Lieu of Taxes			
Payments to Local Governments	105,000	105,000	105,000
Total, Payments in Lieu of Taxes	105,000	105,000	105,000
Oregon & California Grant Lands			
Construction and Acquisition	516	516	528
Maintenance	3,339	3,464	3,620
Renewable Resource Management	46,915	46,790	46,617
Planning and Data Management	390	390	395
Total, Oregon & California Grant Lands	51,160	51,160	51,160
Special Acquisition of Lands and Minerals			
Cranberry wilderness area	0	0	0
Land Acquisition			
Bureau of Land Management:			
Acquisitions	0	0	0
Acquisition Management	0	0	0
Total, Land Acquisition	0	0	0
Recreation Development & Operations of Recreation Facilities			
Base Program	0	0	0
Range Improvement Fund			
Improvement to Public Lands	8,000	8,000	6,956
Farm Tenant Act Lands	1,400	1,400	950
Administrative expenses	600	600	600
Total, Range Improvements	10,000	10,000	8,506

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Service Charges, Deposits, and Forfeitures			
Rights-of-way Processing	3,550	3,550	2,695
Adopt-a-horse program	1,230	760	500
Repair of Damaged Lands	1,150	1,150	1,650
Cost recoverable realty cases	350	350	350
Total, Service Charges, Deposits, and Forfeitures	6,280	5,810	5,195
Trust Funds			
Miscellaneous Trust Funds Current, Indefinite	100	100	100
Total, Current	559,593	563,310	550,246
--Permanent--			
Special Acquisition of Lands and Minerals			
Rattlesnake NRA and Wildernes Area	1,300	1,300	1,300
Operation and Maintenance of Quarters			
Operation and Maintenance of Quarters	0	0	250
Miscellaneous Permanent Appropriations			
Miscellaneous Permanent Appropriations	70,633	70,633	51,173
Trust Funds			
Miscellaneous Trust Funds Permanent, Indefinite	600	600	600
Total, Permanent	72,533	72,533	53,323
Total, Bureau of Land Management	632,126	635,843	603,569

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
MINERALS MANAGEMENT SERVICE			
--Current--			
Leasing and Royalty Management			
Outer Continental Shelf			
Leasing and environmental program..........	43,356	43,453	39,132
Resource evaluation program................	24,113	22,763	23,459
Regulatory program.........................	33,125	32,163	30,938
Subtotal, Outer Continental Shelf Lands	100,594	98,379	93,529
Royalty management			
Mineral revenue collections................	15,050	14,796	14,893
Mineral revenue compliance.................	10,830	10,751	10,382
Systems development and operation..........	20,709	21,735	17,234
Subtotal, royalty management...........	46,589	47,282	42,509
General administration			
Executive direction........................	3,289	3,243	3,223
Administrative operations..................	9,665	9,570	9,392
General support services...................	10,508	11,341	11,447
Subtotal, general administration.......	23,462	24,154	24,062
Interest on refunds (prpsd for ltr trans)....	0	0	200
Total, Leasing and Royalty Management..	170,645	169,815	160,300
Payments to States under Mineral Leasing Act			
Interest on late payments (appn, current)....	800	800	800
Total, Current.........................	171,445	170,615	161,100

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
--Permanent--			
Miscellaneous Permanent Appropriations			
Payments to states under Mineral Leasing Act.	519,224	525,556	550,686
Total, Miscellaneous Permanent Appn....	519,224	525,556	550,686
Total, Permanent........................	519,224	525,556	550,686
Total, Minerals Management Service.....	690,669	696,171	711,786

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT			
--Current--			
Regulation and Technology			
State Regulatory Program Grants	48,110	48,110	45,110
Federal Regulatory Programs			
Program operations and inspections	24,314	24,069	0
Technical support	13,189	13,589	0
Regulatory program operations	0	0	17,578
Technical services, training & research	0	0	15,931
Assessments and collections	0	0	7,929
Subtotal, Federal Regulatory Programs	37,503	37,658	41,438
General Administration	10,136	10,136	0
Executive direction	0	0	1,734
Administrative support	0	0	6,297
General services	0	0	6,301
Subtotal, General administration	10,136	10,136	14,332
Total, Regulation and Technology	95,749	95,904	100,880
Abandoned Mine Reclamation Fund			
State Reclamation Program Grants	202,920	186,200	150,600
Federal Reclamation Programs			
Fund management	8,042	7,987	0
Federal reclamation projects	25,710	25,710	0
Fee compliance	0	0	3,482
Reclamation program operations	0	0	29,992
Rural lands reclamation program	4,159	4,159	800
Subtotal, Federal Reclamation Programs	37,911	37,856	34,274

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Small Operator Assistance	3,100	1,900	0
General Administration	4,722	4,722	0
Executive direction	0	0	825
Administrative support	0	0	1,992
General services	0	0	2,829
Subtotal, General administration	4,722	4,722	5,646
Total, Abandoned Mine Reclamation Fund	248,653	230,678	190,520
Total, Current	344,402	326,582	291,400
Total, Office of Surface Mining Reclamation and Enforcement	344,402	326,582	291,400

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
GEOLOGICAL SURVEY			
--Current--			
Surveys, Investigations, and Research			
National Mapping, Geography and Surveys			
Primary mapping and revision	38,279	37,718	33,266
Advanced cartographic systems	13,251	13,251	12,206
Digital Cartography	14,620	14,560	13,499
Small intermediate and special mapping	14,256	14,067	11,948
Earth resources observation system	9,462	9,559	8,888
Cartographic and geographic information	3,583	3,676	3,620
Side looking airborne radar	0	0	0
Subtotal	93,451	92,831	83,427
Geologic and Mineral Resource Surveys and Mapping			
Geologic hazards surveys			
Earthquake hazards reduction	35,254	35,238	33,275
Volcano Hazards	10,722	10,734	10,667
Landslide hazards	2,065	2,056	2,058
Subtotal, Geologic hazards surveys	48,041	48,028	46,000
Land resource surveys			
Geologic framework	20,222	20,140	18,862
Geomagnetism	2,171	2,169	1,629
Climate change	997	999	992
Subtotal, Land resource surveys	23,390	23,308	21,483
Mineral resource surveys	46,563	46,402	42,033
Energy geologic surveys	29,683	28,590	25,072
Offshore geologic surveys	28,195	25,183	24,428
Subtotal	175,872	171,511	159,016

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Water Resources Investigations			
Federal Program	73,292	72,829	64,015
National water quality assessment	25,000	10,000	3,000
Water resources research institutes	7,667	7,686	7,164
Federal-State program	52,859	52,868	50,499
Energy hydrology	0	0	0
Transfer to National Water Quality	0	(5,000)	0
Subtotal	158,818	138,383	124,678
General Administration	13,621	14,098	13,356
Facilities	14,279	16,399	15,023
Total, Surveys, Investigations & Resear	456,041	433,222	395,500
Total, Current	456,041	433,222	395,500
--Permanent--			
Trust Funds			
Contributed Funds	500	500	500
Total, Permanent	500	500	500
Total, Geological Survey	456,541	433,722	396,000

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
BUREAU OF MINES			
--Current--			
Mines and Minerals			
Minerals Research:			
Health and Safety Technology	29,153	27,653	26,121
Conservation and Development:			
Mining Technology	9,406	8,531	8,189
Resource Conservation and Technology	1,556	1,556	1,555
Subtotal, Conservation and Development.	10,962	10,087	9,744
Minerals and Materials Research	28,854	27,604	25,315
Subtotal, Minerals Research	68,969	65,344	61,180
Minerals Information and Analysis:			
Minerals Information	10,711	10,711	9,856
Mineral Data Analysis	17,285	17,285	16,714
Subtotal, Minerals Information and Anal	27,996	27,996	26,570
Mineral Institutes	0	5,000	0
General Administration	19,031	19,031	19,350
Bruceton facility	0	0	0
Pay supplemental	0	0	0
Proposed rescission	0	0	0
Total, Mines and Minerals	115,996	117,371	107,100
Helium Fund			
Base program	16,556	16,556	0
Total, Current	115,996	117,371	107,100

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
--Permanent--			
Trust Funds			
Contributed Funds..(permanent indefinite)....	500	500	500
Total, Permanent.......................	500	500	500
Total, Bureau of Mines.................	116,496	117,871	107,600

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
U. S. FISH AND WILDLIFE SERVICE			
--Current--			
Resource Management			
Habitat Resources			
Field Operations	24,841	24,544	23,167
National Wetlands Inventory	5,381	5,346	5,313
Research and Development	17,542	17,426	16,028
Cooperative research units	4,679	4,564	4,564
Subtotal	52,443	51,880	49,072
Wildlife Resources			
Refuge operations and maintenance	106,350	105,270	96,275
Law enforcement and protection	10,030	9,768	9,708
Population management	24,631	24,522	9,180
Research and Development	16,628	16,502	13,060
Alaska Subsistance Grants	980	980	0
Subtotal	158,619	157,042	128,223
Fishery Resources			
Hatchery operations and maintenance	26,110	25,753	23,861
Lower Snake River Compensation Plan	6,526	6,499	6,411
Refuge operations and maintenance	2,171	2,161	2,148
Law enforcement and protection	2,159	2,088	2,075
Population management	2,412	2,343	2,285
Research and Development	12,532	12,264	11,259
Subtotal	51,910	51,108	48,039

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Endangered Species			
Listing	2,984	2,955	2,937
Law enforcement and protection	7,474	7,285	7,240
Consultation	2,617	2,604	2,588
Recovery	5,956	5,866	6,030
Research and Development	4,311	4,290	4,365
Cooperation with states	3,920	3,920	0
Subtotal	27,262	26,920	23,160
General Administration Executive			
Direction	7,324	7,474	7,306
Administrative services	10,125	10,774	10,217
Related support services	18,864	19,242	19,110
Subtotal	36,313	37,490	36,633
Total, Resource Management	326,547	324,440	285,127
Construction and Anadromous Fish			
Construction and rehabilitation			
Refuges	216	216	0
Hatcheries	1,447	1,447	0
Fishery Research facilities	0	0	0
Dam safety	2,650	2,650	2,790
Wildlife research facility	320	320	0
Capital dev & maint management	980	980	323
Anadromous fish grants	0	0	0
Total, Construction and Anadromous Fish	5,613	5,613	3,113

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Migratory Bird Conservation Account			
Advance Appropriation	14,884	14,884	0
Dev & Opn of Recreation Facilities			
Base Program	[175]	[175]	[0]
National Wildlife Refuge Fund			
Payments in Lieu of Taxes	5,645	5,645	5,645
Land Acquisition and State Assistance			
Federal Acquisition			
Acquisitions - non wet-lands	16,950	16,950	0
Acquisition management	1,500	1,500	1,500
Acquisitions - wetlands	0	0	0
State grants - wetlands	0	0	0
Total	18,450	18,450	1,500
Total, Current	371,139	369,032	295,385

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
--Permanent--			
Resource Management			
Law enforcement & protection, pmts of awards.	250	250	0
Migratory Bird Conservation Account			
Receipts....................................	16,500	16,500	16,500
National Wildlife Refuge Fund			
Permanent, indefinite........................	7,040	7,040	7,040
Miscellaneous Permanent Appropriations			
Miscellaneous Permanent Appropriations.......	111,600	95,200	95,200
Operations and Maintenance of Quarters			
Appropriation, permanent.....................	1,600	1,600	1,600
Sport Fish Restoration Account			
Sport Fish Restoration Account...............	121,000	121,000	161,465
Trust Funds			
Contributed Funds..(permanent, indefinite)...	4,041	4,041	4,165
Total, Permanent........................	262,031	245,631	285,970
Total, Fish and Wildlife Service.......	633,170	614,663	581,355

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
NATIONAL PARK SERVICE			
--Current--			
Operation of the National Park System			
Park Management			
Management of park areas	63,057	62,315	62,518
Concessions management	3,563	3,563	3,548
Interpretation and Visitor Services	65,977	65,977	57,413
Visitor protection and safety	93,629	88,458	76,361
Maintenance	261,034	251,684	233,826
Resources management	96,181	95,872	86,437
Informational publications	2,907	2,907	0
International Park Affairs	405	405	403
Volunteers-in-parks	750	750	0
Subtotal	587,503	571,931	520,506
Forest Fire Suppression and Rehabilitation	1,176	1,326	1,319
Park Recreation and Wilderness Planning			
Water resources	1,920	1,920	2,909
General management plans	2,342	2,342	2,332
Subtotal	4,262	4,262	5,241
Statutory and Contractual Aid			
Roosevelt Campobello International Park Com	410	410	408
Ice Age National Scientific Reserve	576	576	573
Lowell Historic Preservation Canal Commissi	592	592	537
Folger Library	343	343	0
Corcoran Gallery	343	343	0
Mary McLeod Bethune NHS	0	0	99
Martin Luther King Jr. Center	98	98	199
Phillips Gallery	0	0	0
Arena Stage	0	0	0
National Building Museum	0	0	0
National Capital Children's Museum	0	0	0
Bishop Museum - South Point Complex	0	0	0
Subtotal	2,362	2,362	1,816

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
General administration:			
Central office	5,844	5,844	5,820
Regional office	15,043	15,043	14,993
Automatic data processing	4,851	4,851	4,827
Employee compensation payment	4,871	5,381	5,355
Servicewide administrative support	7,201	7,201	7,161
General services	392	392	390
GSA space rental	12,192	12,936	12,865
Executive direction	6,572	6,572	6,544
Unemployment compensation	7,940	7,940	7,892
Public Affairs	1,761	1,761	1,753
Subtotal, General Administration	66,667	67,921	67,600
Recreation fee programs (prpsd for ltr trans)	0	0	52,000
Total, ONPS	661,970	647,802	655,482
National Recreation and Preservation			
Recreation Programs	231	231	284
Natural Programs	541	541	541
National Register	6,885	6,885	6,843
Environmental and Compliance Review	402	402	400
Grant Administration	1,488	1,488	1,479
2901 budget deficit reduction	0	0	0
Total, National Recreation and Preserva	9,547	9,547	9,547
Historic Preservation Fund			
Grants-in-aid	0	0	0
National Trust for Historic Preservation	0	0	0
Total, Historic Preservation Fund	0	0	0

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Construction			
Advance Planning	3,500	3,500	2,800
Emergency and Unscheduled Projects	3,000	3,000	2,000
Project Planning	6,180	6,180	4,996
Line Item Construction Projects	37,456	37,456	19,318
Total, Construction	50,136	50,136	29,114
Land Acquisition and State Assistance			
Assistance to States			
Matching grants	0	0	0
Administrative expenses	2,752	3,500	2,270
National Park Service			
Acquisitions	79,000	42,782	8,000
Acquisition management	8,218	7,218	5,000
Pinelands National Reserve	0	0	0
Total, land acquisition/state assist	89,970	53,500	15,270
John F. Kennedy Center for the Performing Arts			
Base program	4,758	4,758	4,771
Total, JFK Center for Performing Arts	4,758	4,758	4,771
Construction (Trust Fund)			
Base program (transfer from DOT)	[0]	[0]	[0]
Visitors Facilities Fund			
Visitors Facilities Fund	8,500	8,500	0

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Illinois & Michigan Canal National Heritage Corridor			
Base program.................................	0	0	0
Jefferson National Expansion Memorial Commission			
Base program.................................	0	0	0
Total, Current.........................	824,881	774,243	714,184
--Permanent--			
Land Acquisition			
Contract authority, permanent................	30,000	30,000	30,000
Rescission of contract authority.............	(30,000)	(30,000)	(30,000)
Total, Land Acquisition (Contract Autho ,	0	0	0
Miscellaneous Permanent Appropriations			
Miscellaneous Permanent Appropriations.......	11,022	1,266	1,271

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Operation & Maintenance of Quarters			
Operation & Maintenance of Quarters..........	0	9,987	9,987
Trust Funds			
Misc Trust Funds (permanent, indefinite).....	8,066	8,833	8,833
Total, Permanent......................	19,088	20,086	20,091
Total, National Park Service..........	843,969	794,329	734,275

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
BUREAU OF INDIAN AFFAIRS			
--Current--			
Operation of Indian Programs			
Education			
School Operations	192,393	192,611	185,596
Johnson O'Malley Education Assistance	0	0	0
Continuing Education	24,512	22,999	20,212
Education Enrichment	0	0	11,500
Subtotal, Education	216,905	215,610	217,308
Indian Services			
Tribal Government Services	5,818	5,577	5,604
Social Services	93,299	95,888	93,103
Law Enforcement	4,657	3,603	3,101
Self-Determination Services	16,220	12,526	12,262
Navajo-Hopi Settlement Program	3,949	2,949	2,931
Subtotal, Indian Services	123,943	120,543	117,001
Economic Development and Employment Programs			
Employment Development	650	2,872	2,593
Business Enterprise Development	13,022	12,458	11,643
Road Maintenance	3,605	453	314
Subtotal, Economic Development and Employment Programs	17,277	15,783	14,550

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Natural Resources Development			
Natural Resources, General	2,039	2,070	1,570
Agriculture	2,965	2,961	2,819
Forestry	17,229	9,573	6,061
Water Resources	2,965	1,965	465
Wildlife & Parks	12,045	8,883	8,797
Fire Suppression	0	0	0
Minerals and Mining	8,867	6,799	7,741
Irrigation and Power	7,988	7,988	7,587
Subtotal, Natural Resources Development	54,098	40,239	35,040
Trust Responsibilities			
Indian Rights Protection	25,536	22,435	17,408
Real Estate and Financial Trust Services	10,365	13,327	12,851
Subtotal, Trust Responsibilities	35,901	35,762	30,259
Facilities Management	91,218	91,718	88,597
General Administration			
Management and Administration	32,606	32,075	31,530
ADP Services	19,780	19,157	17,651
Employee compensation payments	8,095	7,583	7,538
Program management	6,382	6,382	6,148
Consolidated training program	0	1,750	1,350
Subtotal, General Administration	66,863	66,947	64,217
Tribe/Agency Operations	308,862	313,584	295,088
Total, Operation of Indian Programs	915,067	900,186	862,060

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Construction			
Buildings and Utilities	50,000	43,000	28,960
Irrigation Systems	32,936	13,276	13,900
Land Acquisition	2,000	0	0
Housing	25,660	17,092	16,295
Total, Construction	110,596	73,368	59,155
Road Construction			
Base Program	50,000	0	0
Payments to Papago Trust & Cooperative Fund			
Papago Trust Fund	0	0	0
Cooperative Fund (Papago)	0	0	0
Total, Papago Trust & Cooperative Fund	0	0	0
Payments to Alaska Escrow			
Payments to Alaska Escrow	0	0	0
Utah Paiute Trust Fund			
Trust fund	0	0	0
Revolving Fund for Loans			
Appropriation, current	9,000	0	0

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Indian Loan Guaranty and Insurance Fund			
Appropriation, current........................	6,680	2,485	2,485
Trust Funds			
Tribal Trust Funds			
Current.....................................	4,000	4,000	1,000
Current, Indefinite.........................	0	0	0
Total, Trust Funds......................	4,000	4,000	1,000
Annualized pay restoration..................	3,865	0	0
Total, Current...........................	1,099,208	980,039	924,700
--Permanent--			
Miscellaneous Permanent Appropriations			
Miscellaneous Permanent Appropriations.......	46,000	46,000	54,000
Operation and Maintenance of Quarters			
Operation and Maintenace of Quarters.........	0	10,000	9,000
Cooperative Fund (Papago)			
Cooperative Fund (Papago)....................	1,400	1,370	1,150

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Trust Funds			
Tribal Trust Funds			
Permanent, Indefinite	433,436	433,636	466,453
Total, Permanent	480,836	491,006	530,603
Total, Bureau of Indian Affairs	1,580,044	1,471,045	1,455,303

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
TERRITORIAL AFFAIRS			
--Current--			
Administration of Territories			
Guam			
Economic Development Fund	0	0	0
Construction grants	7,200	7,000	3,500
Subtotal, Guam	7,200	7,000	3,500
American Samoa			
Operations grants	21,000	21,000	20,776
Construction grants	4,229	2,600	2,730
Economic Development Fund	0	0	0
Special program grants	0	0	0
Subtotal, American Samoa	25,229	23,600	23,506
Northern Marianas			
Covenant grants	35,344	35,344	35,344
Covenant inflation adjustment (supplemental	0	0	0
Construction grants, other	0	0	0
Subtotal, Northern Marianas	35,344	35,344	35,344
Northern Mariana Federal Laws Commission	0	0	0
Virgin Islands			
Virgin Islands construction grant	3,000	2,900	2,900
College of the VI Development Grant	0	0	0
Subtotal, Virgin Islands	3,000	2,900	2,900

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Territorial Administration			
Office of Territorial Affairs	2,802	2,802	2,473
Guam Power Authority amendment	1,606	1,606	1,606
Technical Assistance	4,000	4,900	2,200
Subtotal, Territorial Administration	8,408	9,308	6,279
Total, Administration of Territories	79,181	78,152	71,529
Trust Territory of the Pacific Islands			
Operations			
Trust Territory operations	18,400	18,400	2,450
Federated States of Micronesia	0	0	0
Republic of the Marshall Islands	0	0	0
Republic of Palau Operations	10,600	10,600	10,600
Subtotal, Operations	29,000	29,000	13,050
Construction			
Capital Improvements	0	0	0
Capitol Relocations	14,200	0	0
Subtotal, Construction	14,200	0	0
Enewetak support	0	0	0
Bikini support	0	0	0
Bikini resettlement	0	0	0
Total, TTPI	43,200	29,000	13,050

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Compact of Free Association			
Compact of Free Association..................	0	0	27,920
Total, Current..........................	122,381	107,152	112,499
--Permanent--			
Compact of Free Association			
Compact of Free Association..................	0	0	116,350
Payments to the United States Territories Fiscal Assistance			
Payment to US Territories, fiscal assistance.	60,000	60,000	55,000
Total, Permanent.......................	60,000	60,000	171,350
Total, Territorial Affairs.............	182,381	167,152	283,849

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
OFFICE OF THE SECRETARY			
--Current--			
Departmental Management			
Departmental Direction			
Immediate Office	1,470	1,470	1,426
Executive Secretariat	211	211	210
Cons. & Legis. Affairs	1,102	1,102	1,093
Equal Opportunity	1,229	1,229	1,197
Public Affairs	687	687	696
Small & Disadvantaged Business Utilization	396	396	398
Hist. Black Colleges & Univ	0	0	0
Subtotal, Departmental Direction	5,095	5,095	5,020
Program Direction and Coordination			
A/S Water and Science	699	699	691
A/S Land and Minerals Management	732	732	729
A/S Fish and Wildlife and Parks	713	713	711
A/S Indian Affairs	707	707	686
A/S Territorial and International Affairs	520	520	508
A/S Policy, Budget and Administration	744	744	733
Subtotal, Program Direction and Coordin	4,115	4,115	4,058
Administration			
Environmental Project Review	1,394	1,394	1,404
Acquisition & Property Management	1,333	1,333	1,264
Personnel Management	1,616	1,616	1,517
Administrative Services	1,094	1,094	1,032
Information Resources Management	4,455	4,455	4,397
Policy Analysis	1,914	1,914	2,151
Budget Office	1,446	1,446	1,426
Financial Management	3,013	1,013	954
Subtotal, Administration	16,265	14,265	14,145

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
Hearings and Appeals..........................	5,323	5,323	5,339
Office of Aircraft Services..................	1,833	1,833	1,814
Central Services..............................	12,717	12,717	12,440
Total, Departmental Management.........	45,348	43,348	42,816
Construction Management			
Salaries and expenses........................	692	692	684
Total, Construction Management.........	692	692	684
Special Foreign Currency Program			
Salaries and expenses........................	0	990	0
Total, Special Foreign Currency Program	0	990	0
Total, Current.........................	46,040	45,030	43,500
--Permanent--			
Operation and Maintenance of Quarters			
Operation and Maintenance of Quarters........	0	0	67
Total, Permanent......................	0	0	67
Total, Office of the Secretary.........	46,040	45,030	43,567

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
OFFICE OF THE SOLICITOR			
--Current--			
Office of the Solicitor			
Legal Services..................................	18,339	19,451	17,646
General Administration.........................	2,580	2,612	3,154
Total, Office of the Solicitor.........	20,919	22,063	20,800
Total, Current.........................	20,919	22,063	20,800
Total, Office of the Solicitor.........	20,919	22,063	20,800

02/11/86 Page 24

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
OFFICE OF THE INSPECTOR GENERAL			
--Current--			
Office of the Inspector General			
Audit..	13,119	13,119	10,916
Investigations.................................	2,999	2,999	2,430
Administration.................................	952	952	2,954
Total, Office of the Inspector General.	17,070	17,070	16,300
Total, Current..........................	17,070	17,070	16,300
Total, Office of the Inspector General.	17,070	17,070	16,300

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
BUREAU OF RECLAMATION			
--Current--			
Loan Program			
Construction cost increase....................	0	0	1,000
Administration................................	0	0	840
Loan Ongoing..................................	48,012	48,012	38,990
Loan New Starts...............................	0	5,000	1,920
Underfinancing................................	0	0	(2,809)
Total, Loan Program....................	48,012	53,012	39,941
Construction Program			
Construction Ongoing..........................	667,799	628,019	659,760
Construction New Starts.......................	2,870	4,650	0
Underfinancing................................	0	0	(83,001)
Total, Construction Program............	670,669	632,669	576,759
General Investigations			
Plan Formulation & Advance Planning...........	23,930	20,520	0
Engineering & Research........................	15,352	11,470	0
Ongoing Investigations........................	0	0	28,085
New starts....................................	0	0	914
Underfinancing/Adjustments....................	0	1,510	(1,179)
Total, General Investigations..........	39,282	33,500	27,820
Emergency Fund			
Emergency Fund................................	1,000	1,000	1,000
Operation and Maintenance			
Operation & Maintenance of Facilities.........	135,445	145,241	136,641
Associated Operations & Maintenance Programs.	16,055	14,759	13,359
Total, Operations and Maintenance......	151,500	160,000	150,000

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
General Administrative Expenses			
General Administrative Expenses..............	54,200	54,200	51,200
Working Capital Fund			
Working Capital Fund.........................	6,400	6,400	6,400
Total, Current.........................	971,063	940,781	853,120
--Permanent--			
Colorado River Dam Fund, Boulder Canyon Project			
Base program.................................	55,253	50,600	52,913
Miscellaneous Permanent Appropriations			
Miscellaneous Permanent Appropriations.......	350	350	350
Reclamation Trust Funds			
Reclamation Trust Funds..(perm, indef).......	23,961	25,792	28,062
Total, Permanent.......................	79,564	76,742	81,325
Total, Bureau of Reclamation...........	1,050,627	1,017,523	934,445

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
DEPARTMENT OF THE INTERIOR			
Interior and Related Agencies			
Bureau of Land Mangement........................	632,126	635,843	603,569
Mineral Management Service......................	690,669	696,171	711,786
Office of Surface Mining........................	344,402	326,582	291,400
A/S Land and Minerals Management..........	1,667,197	1,658,596	1,606,755
Geological Survey...............................	456,541	433,722	396,000
Bureau of Mines.................................	116,496	117,871	107,600
A/S Water and Science..................	573,037	551,593	503,600
Fish and Wildlife Service.......................	633,170	614,663	581,355
National Park Service...........................	843,969	794,329	734,275
A/S Fish and Wildlife and Parks.........	1,477,139	1,408,992	1,315,630
Bureau of Indian Affairs........................	1,580,044	1,471,045	1,455,303
Territorial Affairs.............................	182,381	167,152	283,849
Office of the Secretary.........................	46,040	45,030	43,567
Office of the Solicitor.........................	20,919	22,063	20,800
Office of Inspector General.....................	17,070	17,070	16,300
Total, Interior and Related Agencies...	5,563,827	5,341,541	5,245,804
Energy and Water Development			
Bureau of Reclamation...........................	1,050,627	1,017,523	934,445
Total, Department of the Interior......	6,614,454	6,359,064	6,180,249

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
DEPARTMENT OF THE INTERIOR			
--Current--			
Interior and Related Agencies			
Bureau of Land Mangement	559,593	563,310	550,246
Mineral Management Service	171,445	170,615	161,100
Office of Surface Mining	344,402	326,582	291,400
A/S Land and Minerals Management	1,075,440	1,060,507	1,002,746
Geological Survey	456,041	433,222	395,500
Bureau of Mines	115,996	117,371	107,100
A/S Water and Science	572,037	550,593	502,600
Fish and Wildlife Service	371,139	369,032	295,385
National Park Service	824,881	774,243	714,184
A/S Fish and Wildlife and Parks	1,196,020	1,143,275	1,009,569
Bureau of Indian Affairs	1,095,208	980,039	924,700
Territorial Affairs	122,381	107,152	112,499
Office of the Secretary	46,040	45,030	43,500
Office of the Solicitor	20,919	22,063	20,800
Office of Inspector General	17,070	17,070	16,300
Total, Interior and Related Agencies	4,145,115	3,925,729	3,632,714
Energy and Water Development			
Bureau of Reclamation	971,063	940,781	853,120
Total, Current, Dept of the Interior	5,116,178	4,866,510	4,485,834

DEPARTMENT OF THE INTERIOR
FY 1987 President's Budget
Budget Request History Table
(in thousands of dollars)

Bureau/Account/Activity/Subactivity	Request to Department	Request to OMB	Request to Congress
DEPARTMENT OF THE INTERIOR			
--Permanent--			
Interior and Related Agencies			
Bureau of Land Mangement	72,533	72,533	53,323
Mineral Management Service	519,224	525,556	550,686
Office of Surface Mining	0	0	0
A/S Land and Minerals Management	591,757	598,089	604,009
Geological Survey	500	500	500
Bureau of Mines	500	500	500
A/S Water and Science	1,000	1,000	1,000
Fish and Wildlife Service	262,031	245,631	285,970
National Park Service	19,088	20,086	20,091
A/S Fish and Wildlife and Parks	281,119	265,717	306,061
Bureau of Indian Affairs	484,836	491,006	530,603
Territorial Affairs	60,000	60,000	171,350
Office of the Secretary	0	0	0
Office of the Solicitor	0	0	0
Office of Inspector General	0	0	0
Total, Interior and Related Agencies	1,418,712	1,415,812	1,613,023
Energy and Water Development			
Bureau of Reclamation	79,564	76,742	81,325
Total, Permanent; Dept of the Interior	1,498,276	1,492,554	1,694,348

FY87 Budget Request

4. Question: Would you provide for the record a list by appropriations account for each Bureau of any anticipated fiscal year 1987 request for supplemental appropriations?

Answer: At this time there are no known requests for fiscal year 1987 supplemental appropriations. As in the past, it is anticipated supplementals will be requested for emergency fire suppression requirements.

5. Would you provide for the record a list of any assumptions in the President's proposed budget that require legislation? In each case would you --

   a. provide a statement of purposes;

   b. provide the proposed language (if available) or indicate if, or when, the Administration intends to transmit such language; and

   c. indicate whether, in the Administration's judgement, such legislation would be sought from the Energy and Natural Resources Committee or as rider on an appropriations act.

NATIONAL PARK SERVICE

Legislation Proposed for Later Transmittal

5a) The Administration has three legislative proposals that would directly affect the programs and activities of the National Park Service as described below.

Authorizing appropriations to the Secretary of the Interior for services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, and for other purposes.

Under subsection (e) of section 6 of the John F. Kennedy Center Act (72 Stat. 1698, 1699; 20 U.S.C. 76h, 76l), the Secretary of the Interior is required to provide all services necessary to the nonperforming arts functions of the John F. Kennedy Center for the Performing Arts, including informational, interpretation, janitorial, maintenance, and security services. The appropriation authorization for these purposes expires September 30, 1986. The proposed legislation and appropriations would enable the National Park Service to continue to carry out its responsibilities for the nonperforming arts functions for the Kennedy Center as provided in the President's Budget for 1987.

To amend the Land and Water Conservation Fund Act of 1965, as amended, to permit the use of park entrance, admission, and recreation use fees for the operation of the National Park System, and for other purposes.

The proposed legislation would shift some of the burden of providing and maintaining recreation areas from the general taxpayer to those individuals who use and benefit from this service. This legislation would lift the current freeze on entrance fees enacted under Section 402 of P.L. 96-87, authorize the Secretary of the Interior to increase existing and establish new entrance fees, and permit the use of fee revenues to operate, maintain, and preserve the 337 units of the National Park System. Under this proposal, 80 percent of the revenues collected would be available to the National Park Service, beginning in fiscal year 1987, to carry out a variety of programs and projects, and 20 percent of the revenues would be deposited into the Treasury.

To authorize appropriations for certain highways in accordance with title 23, United States Code, and for other purposes.

The Department of Transporation will propose a "Surface Transportation Reauthorization Act of 1986" that would, in part, authorize appropriations out of the Highway Account of the Highway Trust Fund for the Federal Lands Highways Program. Under this proposal, $75 million would be authorized each year for fiscal years 1987 through 1990 for park roads and parkways. These funds would be used for road and bridge repair and rehabilitation, reconstruction, and new construction in park areas. The proposed legislation would be a reauthorization of appropriations for these activities as provided by the Surface Transportation Assistance Act of 1982.

5b) The Department of the Interior will transmit proposed legislation to the Congress during March, 1986, for the first two items listed above.

We understand that the Department of Transportation has transmitted proposed legislation to the Congress for the third item listed above.

5c) We anticipate that the three legislative proposals will be referred to the following Senate Committees:

Authorization of appropriations for the John F. Kennedy Center for the Performing Arts	Committee on Environment and Public Works
To amend the Land and Water Conservation Fund Act of 1965, as amended	Committee on Energy and Natural Resources
To authorize appropriations for certain highways, Federal Lands Highways Program	Committee on Environment and Public Works

BUREAU OF LAND MANAGEMENT

5. a To fund BLM implementation costs for proposed legislation to authorize
the interchange of land management responsibility between the U.S. Forest
Service and BLM, the budget includes a separate request for the MLR
account of $3.4 million. Legislation for the interchange was submitted
5 b to the Congress during the week of February 18 following extensive
consultation with the public, State and local officials and Members of
Congress. Adoption of the proposed legislation will result in net
savings of $32 million over 5 years.

a A second BLM proposal is to shore net receipts related to the O&C lands. This proposal, if enacted, would save the Federal government $25 million.

c. Both proposals would be considered by the Senate Energy and Natural Resources Committee.

5. The following legislation is required to implement the President's budget request for the Bureau of Reclamation.

Small Reclamation Loan Program

a. Legislation is needed to increase the existing appropriation ceiling for this program and to require all project costs to be reimbursed with interest at current Treasury borrowing costs plus one-eighth of one percentage point for administrative costs. Provision of funds for Middle Creek Dam Rehabilitation; San Bernardino County; and United Water Conservation District loans is dependent upon passage of this legislation. Amount of 1987 request is $1,920,000.

b. The proposed legislation is in final clearance.

c. Legislation will be proposed for consideration by the Energy and Natural Resources Committee.

San Luis Unit Distribution and Drainage Study

a. Legislation to increase the ceiling will be submitted to the Congress.

b. Legislation will be provided as soon as possible.

c. It will be proposed for consideration by the Energy and Natural Resources Committee.

North Loup Division, P-SMBP

a. Appropriations ceiling increase is needed because major contract awards currently scheduled in FY 1986 would commit future year expenditures which would exceed the authorization.

b. Legislaiton has been introduced in Congress to increase the ceiling.

c. See b.

Seedskadee Project

a. The 1987 budget request $6.1 million for dam safety modification work on this project. Language is needed to reallocate project costs in order to equitably distribute repayment responsibilities. The Safety of Dams Act requires that costs be allocated in accordance with the original cost allocation. The original cost allocation on Seedskadee Project did not include an allocation to power, thus power would not share in the repayment responsibility for SOD. We believe that is inappropriate and that SOD costs should be allocated in a manner which reflects the revised project beneficial uses.

b. The language in the 1987 Budget (p. I-N30 of the Budget Appendix) is "the costs of Seedskadee Project may be reallocated in order to reflect revised project beneficial purposes."

c. Since the modification work on the Seedskadee Project is already authorized, the language was included in the Bureau of Reclamation's Administrative Provisions for reasons of simplicity.

Bureau of Land Management

Gramm-Rudman-Hollings Act Issues

6. Question: In the case of Federal programs and activities which receive off-setting fees, collections, etc., implementation of the Gramm-Rudman-Hollings Act would sequester budgetary resources on the basis of gross, rather than net, budgetary resources. Would you provide for the record --

a. a list of those programs or activities within your Department that receive such off-setting fees, collections, etc. (whether directly or subject to appropriations);

b. a description of such program or activity, including a description of whether such fees, collections, etc., are for services provided for others (either Federal agencies or others);

Answer: The following table provides a list and description of the activities within BLM which receive offsetting fees and which are subject to sequestration under the Gramm-Rudman-Hollings Act:

Appropriation/Activity	Description
o Management of Lands and Resources - Reimbursables	- Includes reimbursements to BLM for performing work for other entities. Such reimbursements amount to approximately $15 million each year of which $4 million comes from non-Federal sources and $11 million from other Federal government agencies. Reimbursements are for work in a wide range of activities including energy and minerals, lands and realty, data management, firefighting, surface resources (forestry, wildlife, etc.), cadastral survey and fees for copying documents. Most of this activity requires a formal reimbursable agreement or interagency agreement. The portion of the reimbursable funds received from non-Federal sources ($4,000,000) is subject to sequestration (see Federal Register, Vol. 51, page 2011).
o Service Charges, Deposits and Forfeitures	This appropriation finances BLM's costs of performing specific applicant-initiated actions from deposits or service charges collected from the applicant and make these funds available for use by BLM. The account, as established pursuant to the Federal Land Policy and Management Act of 1976, provides some management flexibility in responding to

	externally initiated applications and ensures the immediate availability of funds for public demand work. Activities covered under this account include rights-of-way processing, fees for animal adoption under the wild horse and burro program, charges for repair of damaged lands, conveyance of Federally-owned mineral interests, recordable disclaimers of interest, corrections of conveyance documents, and the processing of leases, permits and easements. This account is subject to sequestration under P.L. 99-177.
o Miscellaneous Permanent Appropriations - Road Maintenance	Derived from funds collected from commercial road users in lieu of user maintenance. Receipts are appropriated to BLM to carry out road maintenance on Bureau controlled roads. The appropriation is subject to sequestration.

Q c. an analysis of whether the sequester of such budgetary resources may inhibit the provision of such services provided for others.

Answer: Most of the activities described involve direct payments from the public or non-Federal agencies to the Bureau for providing services. Despite the sequestration of a portion of these funds, the Bureau will have no choice but to continue to provide the requested services. The additional costs incurred by the Bureau to perform the services will, in most cases, be borne by other direct appropriations.

Bureau of Land Management

7. Question: Certain Federal statutes specifically specify the Federal and State apportionment of certain collections, revenues, etc., which would be altered by implementation of the Gramm-Rudman-Hollings Act. Would you provide for the record:

a. a list of such collections and distributions, including their statutory authority; and

b. a table for each distribution indicating by State the fiscal year 1986 distribution that would occur before and after sequester.

Answer: o Payments to Coos and Douglas counties, Oregon, for receipts from Coos Bay Wagon Road Grant Lands.

- Authority: 54 Stat. 753-754
- FY 1986 Estimated Distribution

($000)

State	Before Sequestration	After Sequestration
Oregon	580	552

o Payments to counties, Oregon and California Grant Lands.

- Authority: 39 Stat 218 and 50 Stat. 876 as modified by annual appropriations acts;

- FY 1986 Estimated Distribution (all payments were made before P.L. 99-177 was enacted).

($000)

State	Before Sequestration	After Sequestration
Oregon	61,124	58,184

o Payments to Alaska, National Petroleum Reserve.

- Authority: 94 Stat. 2964
- FY 1986 Estimated Distribution

($000)

State	Before Sequestration	After Sequestration
Alaska	4,614	4,392

o Payments to Oklahoma (royalties)

- Authority: 65 Stat. 252

($000)

State	Before Sequestration	After Sequestration
Oklahoma	17	17

- Payments to Counties, National Grasslands.

  - Authority: 7 U.S.C. 1012
  - FY 1986 Estimated Distribution

($000)

State	Before Sequestration	After Sequestration
Montana	550	523
North Dakota	58	55
South Dakota	7	7
Utah	5	5
Total	620	590

- Payments to Nevada from receipts on land sales.

  - Authority: P.L. 96-586
  - FY 1986 Estimated Distribution

($000)

State	Before Sequestration	After Sequestration
Nevada	454	432

- Payments to States from grazing receipts on public lands outside grazing districts.

  - Authority: 43 U.S.C. 315i and 315m.
  - FY 1986 Estimated Distribution (all payments were made before December 31, 1985).

($000)

State	Before Sequestration	After Sequestration
Arizona	106	101
California	120	114
Colorado	34	32
Idaho	23	22
Montana	131	125
Nebraska	1	1
Nevada	17	16
New Mexico	150	143
North Dakota	7	7
Oregon	34	32
South Dakota	54	51
Washington	20	19
Wyoming	303	289
Total	1,000	952

- o Payments to States (proceeds of sales)
  - Authority: 31 U.S.C. 1305
  - FY 1986 Estimated Distribution (all payments were made before December 31, 1985).

($000)

State	Before Sequestration	After Sequestration
Alaska	11	10
Arizona	87	83
California	108	104
Colorado	35	33
Idaho	21	20
Montana	12	11
Nebraska	1	1
Nevada	76	72
New Mexico	29	28
Oklahoma	2	2
Oregon	324	308
South Dakota	1	1
Utah	20	19
Washington	9	8
Wisconsin	1	1
Wyoming	329	28
Total	766	729

- o Payments to States from grazing receipts on public lands within grazing districts.
  - Authority: 43 U.S.C. 315b and 315i
  - FY 1986 Estimated Distribution (all payments were made before December 31, 1985).

($000)

State	Before Sequestration	After Sequestration
Arizona	95	90
California	19	18
Colorado	81	77
Idaho	186	177
Montana	113	107
Nevada	317	302
New Mexico	209	199
Oregon	153	146
Utah	164	156
Wyoming	187	178
Total	1,524	1,450

- Payments in Lieu of Taxes

  - Authority: 31 U.S.C. 6901-6907
  - FY 1986 Estimated Distribution 1/

($000)

State	Before Sequestration	After Sequestration
ALABAMA	114	109
ALASKA	5,343	5,113
ARIZONA	8,581	8,211
ARKANSAS	1,109	1,061
CALIFORNIA	10,068	9,634
COLORADO	7,088	6,783
CONNECTICUT	20	19
DELAWARE	5	5
DISTRICT OF COLUMBIA	6	6
FLORIDA	1,260	1,260
GEORGIA	722	691
GUAM	1	1
HAWAII	9	9
IDAHO	7,412	7,093
ILLINOIS	278	266
INDIANA	145	139
IOWA	124	119
KANSAS	349	334
KENTUCKY	692	662
LOUISIANA	215	206
MAINE	52	50
MARYLAND	50	48
MASSACHUSETTS	77	74
MICHIGAN	1,293	1,237
MINNESOTA	900	861
MISSISSIPPI	398	381
MISSOURI	1,114	1,066
MONTANA	8,461	8,097
NEBRASKA	320	306
NEVADA	5,725	5,478
NEW HAMPSHIRE	317	303
NEW JERSEY	46	44
NEW MEXICO	10,462	10,011
NEW YORK	171	164
NORTH CAROLINA	1,241	1,188
NORTH DAKOTA	522	499
OHIO	281	269
OKLAHOMA	769	736
OREGON	2,650	2,536
PENNSYLVANIA	207	198
PUERTO RICO	9	9

1/ Assumes the same distribution pattern as experienced in FY 1985.

($000)

State	Before Sequestration	After Sequestration
SOUTH CAROLINA	124	119
SOUTH DAKOTA	1,562	1,495
TENNESSEE	462	442
TEXAS	1,611	1,542
UTAH	8,962	8,576
VERMONT	219	209
VIRGIN ISLANDS	85	81
VIRGINIA	1,150	1,100
WASHINGTON	1,861	1,781
WEST VIRGINIA	819	784
WISCONSIN	1,106	1,058
WYOMING	7,703	7,371
TOTALS	104,270	99,780

Bureau of Land Management

6. Question: Under energy and minerals management, the Administration has proposed a $2.7 million cut from the 1986 estimate, on the premise that workload demands for energy programs such as coal, geothermal, oil shale, and tar sands have been decreased for lack of industry interest in these resources.

a. Would you provide detail as to where these cuts will specifically take place?

Answer: The FY 1987 President's Budget proposes a reduction of $6 million from the 1987 Base for the energy and minerals management programs, which represents a $2.7 million reduction from the 1986 adjusted appropriation. The 1987 changes from Base are comprised of the following increased and decreases:

o A $2,170,000 increase for the oil and gas program to cover workload increases in lease adjustments, Indian diligence reviews, and inspection and enforcement (including delegations of inspection authority to State governments);

o A reduction of $280,000 in the geothermal program due to a decline in projected levels of leasing which results in reduced costs related to NEPA compliance requirements;

o A reduction of $5,583,000 in coal leasing resulting from decreases in the number of regional activity plans and EIS's scheduled for completion (impact due to the extension of time and associated funding required for preparation of activity plans -- now estimated at three rather than two years), and a reduction in PRLA processing workload;

o Termination of the oil shale and tar sands program (reduction of $2,098,000) due to declining industry interest and lessened demand for lease development;

o An increase of $100,000 for the mining law administration program earmarked for additional compliance inspections of mining operations, and processing of annual filings; and

o A reduction of $325,000 for nonenergy mineral leasing, due to declining industry demand for these commodities, which will result in reductions in workload associated with leases issued, lease adjustments, permit approvals, and inventory performed.

Q. b. What impact will these reductions have on the reinstation of the coal leasing program?

Answer: The 1987 proposed funding level for the coal program takes into consideration the anticipated leasing requirements for 1987. Resumption of the regional coal leasing program, based upon the Secretary's decisions regarding revisions to the coal program, can be accomplished within the requested level of funding.

Bureau of Land Management

9. Question:	Under the revised BLM-Forest Service interchange proposal, what would be the cost of the interchange during the first year authorized? What are the projected savings in the outyears?
Answer:	The following table show costs, savings and net savings projected to result from implementation of the interchange. Implementation is expected to begin in FY 1987 with FY 1990 being the first year that full annual savings without offsetting costs will be realized.

BLM/FS JURISDICTIONAL INTERCHANGE

(Dollars in Millions)

COSTS

Agency	FY 87	FY 88	FY 89	FY 90	FY 91	FY 87-91 Totals	FY 87-89 Totals
BLM	4.8	2.4	2.4	0.0	0.0	9.6	9.6
FS	7.2	3.6	3.6	0.0	0.0	14.4	14.4
Totals	12.0	6.0	6.0	0.0	0.0	24.0	24.0

SAVINGS

Agency	FY 87	FY 88	FY 89	FY 90	FY 91	FY 87-91 Totals	FY 87-89 Totals
BLM	1.4	4.2	5.6	5.6	5.6	22.4	11.2
FS	2.1	6.3	8.4	8.4	8.4	33.6	16.8
Totals	3.5	10.5	14.0	14.0	14.0	56.0	28.0

NET SAVINGS

Agency	FY 87	FY 88	FY 89	FY 90	FY 91	FY 87-91 Totals
BLM	-3.4	1.8	3.2	5.6	5.6	12.8
FS	-5.1	2.7	4.8	8.4	8.4	19.2
Totals	-8.5	4.5	8.0	14.0	14.0	32.0

Bureau of Mines

10. Question: The administration's budget request for Health and Safety Technology shows a reduction of $7.5 million from the adjusted 1986 appropriation. How do you expect to continue these drastic reductions in these program areas and retain the quality of work the Bureau has always done in mine health safety?

Answer: The Bureau of Mines will continue to perform the highest quality research that will provide the most significant reduction of health and safety risks and hazards for the Nation's miners by concentrating only on high-priority programs. Past budget restraints resulted in reducing the Bureau's contract research, but did not affect the highly qualified professional personnel or the capabilities and facilities available through the Mining Research Centers. Successful research accomplishments in the past have reduced the accident and injury records of the mining industry, and have enabled the Bureau to focus research efforts in selected areas. Twenty-five percent, or $1.877 million of the $7.5 million reduction, is a result of discontinuing the funding of the Mineral Institute's Generic Center for Respirable Dust program through the Bureau's mission-oriented Health and Safety Technology program. The Mineral Institutes program is a university grant program.

11. Question: A new program in the Health and Safety Technology account at the Bureau of Mines this year is the Mine Disaster Prevention program, created by consolidating the Fire and Explosion Prevention, Methane Control, and Postdisaster Survival and Rescue programs. Could you please explain what this program is designed to achieve and what research areas of the three programs consolidated will be retained in the Mine Disaster Prevention program?

Answer: There will be no changes in the types of research conducted under the new program of Mine Disaster Prevention compared with that conducted under the three previous programs of Fire and Explosion Prevention, Methane Control, and Postdisaster Survival and Rescue. These programs were consolidated into one program since they were all related to the prevention of and/or the coping with mine disasters and could be more easily administered under one program. As with the three previous programs, research will be directed toward ensuring that the mining industry has the technology available to prevent mine disasters if at all possible, and to have the technology to minimize the impact on the miners and the mine if an emergency or disaster does occur. All research areas of the three programs consolidated will be retained in the new Mine Disaster Prevention program.

Bureau of Mines

12. Question: The Administration's FY 1987 budget request does not include any of the $8.0 million for the Mineral Institutes again this year. Congress has funded this valuable program in each year the Administration has eliminated its funds. Why did the Administration not request any funding for the Federal share of this program again this year?

Answer: With the changes in the mineral industry that have occurred since the Mineral Institute program was initiated in 1977 and the imperative need to reduce Federal expenditures in order to reduce the deficit, the mineral institute program is no longer an appropriate use of Federal funds. The work of the institutes, while important to its primary beneficiaries, the mineral industry and the States, is not a high priority for the Federal government. Continuing programs at the institutes should be paid for by those who primarily benefit from them.

The funds already appropriated by the Congress in FY 1986 will support the basic programs of the institutes through the 1986-87 academic year; they will also support continuing research efforts well into FY 1988. As these Federal funds are expended, State and private funding should provide for these programs if the beneficiaries wish them to continue.

13. Question: The Administration has eliminated funding for the Minerals and Materials Research program at the Idaho National Engineering Laboratory. The work being done at the lab in the minerals and materials area is valuable and supported by many groups. Why is this funding once again being eliminated?

Answer: We recognize that the work at INEL is important. However, its relative priority is lower than the work that was selected to continue.

This research at INEL was initiated in May 1983 in topics that compliment ongoing Bureau research conducted in-house at established Minerals and Materials Research (MMR) Centers. While promising, the research is expected to yield results having a lesser impact on minerals processing technology than the strategic and critical minerals research performed at the MMR Centers. A portion of the plasma processing of metal ores, could result in important new techniques, but the overall probability of success for this technology is uncertain.

Despite the reduction, the Bureau's Minerals and Materials Research will still be able to pursue a balanced basic research program to provide the underpinning for the technological developments necessary to help lessen this Nation's dependence on imported mineral supplies.

Bureau of Reclamation

14. Question: The President's budget request for the Bureau of Reclamation includes funds for constructing the Buffalo Bill enlargement and the Hoover uprating. What levels of non-Federal financing are anticipated during the construction of each project?

Answer: On the Buffalo Bill Dam Modification work, we are expecting total non-Federal cash contributions of approximately $47 million, over a five-year period. The FY 1987 estimate is $10.5 million.

Uprating work on the Hoover Dam powerplant is considered an operation and maintenance activity on the Boulder Canyon Project and is being accomplished with permanent appropriations derived from the Colorado River Dam Fund. The uprating program will increase the the electrical nameplate capacity from 1,529 megawatts to an estimated 2,079 megawatts at an estimated cost of $143.1 million. Beneficiaries of the new capacity will contribute $126.9 million in non-Federal funds with the remaining $16.2 million being obtained from the original contractors through the annuity for replacement, historically collected under project revenues. The non-Federal advances in fiscal year 1987 are estimated to the $27.3 million.

The construction appropriation also contains $5.8 million for the Boulder Canyon Project. This money is for improvements of the visitor facilities at Hoover Dam which is being initiated this spring.

Bureau of Reclamation

15. Question: Funding of three loans pursuant to the Small Reclamation Projects Act is included in the Fiscal Year 1987 Budget request contingent upon enactment of legislation to increase the appropriation ceiling and provide for reimbursement at current interest rates. Under current law, funds allocated to certain project purposes may be nonreimbursable, reimbursable with interest, and reimbursable without interest.

a. To what project purposes does the Administration propose to require reimbursement with market interest?

Answer: Currently, the Small Reclamation Projects Act requires interest charges on the purposes of municipal and industrial water supply, hydropower, and the reimbusable portions of fish and wildlife and recreation. Interest payments are also required on excess acreage as specified in the Reclamation Reform Act of 1982. The interest charges are based on an interest rate formula that measures the interest rate payable by the Treasury on its outstanding long-term marketable public obligations. We are proposing that the law be amended to require interest on the irrigation purpose as well as the other purposes at a rate that will reflect the market rate of interest plus 1/8 percent for administration costs.

Q. b. What would the effect of requiring market interest have on the ability of the applicants for the three new loans in the budget to participate?

Answer: That has not been determined. If the applicants do not want to pursue the loan under the new terms, other loan applicants will be offered loans.

Q. c. The Fiscal Year 1987 budget suggests that its proposed to extend such interest rates to project elements not previously covered, such as irrigation. Explain.

Answer: It's true that the Administration is planning to propose an amendment to the Small Reclamation Projects Act to require market interest rates plus 1/8 percent for administration costs. This proposal is based on our efforts to effect a credit reform program government-wide.

Bureau of Reclamation

16. Question: Would you provide for the record a description of any cost sharing agreements that have been worked our in connection with the Colorado River Basin Salinity Control Program?

Answer: Section 205(a) of Public Law 93-320, the Colorado River Basin Salinity Control Act, authorizes the Secretary of the Interior to allocate the total Federal costs of the various salinity control programs and to repay to the Treasury a portion of the Federal costs from the Lower Colorado River Basin Development Fund and the Upper Colorado River Basin Fund.

Public Law 98-569 amends Public Law 93-320, and in section 202(c)(1) authorizes the Secretary of Agriculture to establish a voluntary cooperative salinity control program with landowners to improve onfarm water management, and reduce watershed erosion on non-Federal land, and on lands under the control of the Department of Agriculture.

An agreement has been reached with the Department of Agriculture on which funds will be repaid to the Treasury consistent with the law. Also, the agreement provides for an annual report from the Secretary of Agriculture to the Bureau of Reclamation providing the information necessary for the Secretary of the Interior to handle the reimbursement process.

Bureau of Reclamation

17. Question: Would you please provide for the record a description of the current status of negotiations for non-Federal cost sharing on:

a. The Animas-La Plata Project, and

b Plan Six of the Central Arizona Project.

Answer a: The Fiscal Year 1985 Supplemental Appropriations Act (P.L. 99-88) funded $1 million for the start of the Animas-La Plata Project, contingent upon the Secretary reaching "reasonable" cost sharing agreements with the non-Federal project beneficiaries by June 30, 1986. The Department proposes to initiate the project construction only if: (1) There is substantial non-Federal financing offered ($200-$300 million): and (2) Indian reserved water rights claims are resolved.

Two Ute Indian Tribes and non-Indian water users seek to settle *Winters* rights and damage claims. The Indians are seeking water, jobs, and permanent infrastructure through the courts or the Animas-La Plata Project. Of the $554 million estimated construction cost of the Animas-La Plata Project, the non-Federal interests have agreed so far (February 1986) to provide $171 million in up-front capital and $70 million (present worth) in user fees.

Answer b: In January 1985, the Arizona Department of Water Resources presented an option paper on *Funding for Plan 6*. The official *Proposal of Arizona's Executive Committee on Up-Front Financing of Plan 6 Features*, dated September 3, 1985, was officially provided to the Secretary of the Interior by letter dated October 8, 1985. That letter was signed by Governor Babbitt and the Arizona congressional delegation.

Technical discussions between the Arizona interests and the Bureau of Reclamation to clarify the intent and substance of the offer were held on October 8 and 18, 1985. The negotiations based on the offer were initiated on October 25, 1985, and the latest session was held on December 19, 1985.

During the months of February and March, 1986, the various Arizona entities and the Department of the Interior, will approve the Agreement as to form. Actual execution of the agreement will likely be in mid-April.

Bureau of Reclamation

18. Question: The Bureau has had underway for sometime an updating of the so-called "blue books" or "Federal Reclamation and Related Laws Annotated." When is the anticipated date of completion of the update?

Answer: The fourth volume, covering the laws enacted January 1967 through 1982, and court and agency opinions interpreting those laws is expected to be completed and available for distribution in about one year (early 1987).

The supplement that will bring the existing three volumes up to date through 1982 is expected to be completed and available for distribution in about one and one-half years (the summer of 1987).

Bureau of Reclamation

19. Question: The Foreign Activities Program of the Bureau of Reclamation operates under the General Administrative Expenses account. Please provide for the record a brief description of the activities currently underway in the program and how the costs of such activities are reimbursed by project sponsors.

Answer: The Bureau of Reclamation currently provides technical assistance to the following countries:

- CHINA--technical and consulting services for the Three Gorges Project - fully reimbursable by the People's Republic of China.
- ECUADOR--reconstruction and repair of irrigation projects destroyed during 1983 floods - reimbursed by AID.
- EGYPT--assisting Egyptian Electrical Authority in rehabilitation and modernization of Aswan High Dam powerplant - reimbursed by AID.
- EGYPT--providing specialist to assist Egyptian Water Planning Group in setting up a water data collection system for Nile River - reimbursed by AID.
- ISRAEL--provide technical assistance in the form of operation and maintenance specialists - reimbursed by Government of Israel.
- ISRAEL--cooperative science and technology agreement - research projects funded by each agency.
- MALAYSIA--providing dam construction advisors (Batu Dam) - reimbursed by Government of Malaysia.
- MOROCCO--technical assistance in the development of winter snowpack augmentation program - reimbursed by AID.
- PAKISTAN--technical assistance in the design and construction of drainage facilities - reimbursed by World Bank.
- SAUDI ARABIA--(1) technical assistance in establishing a desalting Research and Development Training Center (Al-Jubail); (2) technical assistance in the development of municipal and industrial water supply projects - both reimbursed through U.S. Treasury Department (U.S.-Saudi Arabian Joint Commission on Economic Cooperation [JECOR]).
- SOMALIA--reconnaissance grade land classification study - reimbursed by AID.
- SPAIN--cooperative water resource management program - reimbursed by U.S. - Spain Joint Committee for Science and Technology.
- SUDAN--technical assistance in updating and prioritizing data for water development projects - reimbursed by World Bank.
- ZAIRE--technical assistance in the operation and maintenance of high-voltage transmission lines - reimbursed by Government of Zaire.

- Bureau of Reclamation also provides on-the-job training programs for foreign engineers and administrators, which are reimbursed by sponsor (i.e., AID, World Bank, United Nations, or foreign government).

Bureau of Reclamation

20. Question: Please provide for the record a list of irrigation projects constructed by or with the assistance of the Bureau of Reclamation on Indian reservations. What is the management status of each of these projects; that is, has operation and management responsibilities been turned over to the respective Tribal body, or are the projects managed by the Bureau of Indian Affairs or the Bureau of Reclamation?

Answer: The list requested is provided below.

PROJECTS WITH FACILITIES ON INDIAN RESERVATIONS CONSTRUCTED BY OR WITH ASSISTANCE FROM THE BUREAU OF RECLAMATION

Region	Project, State	Operating Organization for Facilities on Indian Lands
PN Region		
	Spokane Indian Reservation Project, WA	Spokane Indian Tribe
	Duck Valley Project, NV-ID (Wildhorse Dam)	Bureau of Indian Affairs
	Flathead Indian Irrigation Project, MT	Bureau of Indian Affairs
MP Region		
	Newlands Project, NV	Truckee-Carson Irrigation District
	Washoe Project, NV (Marble Bluff Dam, Pyramid Lake Fishery)	Bureau of Reclamation/U.S. Fish and Wildlife Service
LC Region		
	Reservation Division, Yuma Project, AZ	Bard Water District
	Ak-Chin Indian Community, AZ (Loan Program)	Ak-Chin Indian Community

Region
- Project, State
  - Operating Organization for Facilities on Indian Lands

LC Region (cont.)

- Gila River Farms, AZ (Loan Program)
  - Gila River Indian Community

- Salt River Project, AZ
  - Salt River Project Water User's Association/Salt River Indian Community

- Head gate Rock Hydroelectric Power Project, AZ (under construction)
  - Bureau of Indian Affairs

- Central Arizona Project, AZ (under construction)
  - Central Arizona Water Conservancy District

UC Region

- Central Utah Project, UT
  - Bureau of Indian Affairs

- Moon Lake Project, UT
  - Bureau of Indian Affairs

- Florida Project, UT
  - Florida Water Conservancy District/ Florida Canal Co.

- Dolores Project, CO (under construction)
  - Ute Mountain Ute Tribe

SW Region

- Middle Rio Grande Project, NM
  - Middle Rio Grande Conservancy District/Bureau of Reclamation

- Navajo Indian Irrigation Project, NM
  - Bureau of Indian Affairs

- San-Juan Chama, NM (Nimble Falls Dam and Reservoir)
  - Bureau of Reclamation

MB Region

- Milk River Project, MT
  - Bureau of Reclamation/Malta Irrigation District

Region
Project, State
Operating Organization for Facilities on Indian Lands

MB Region (cont.)

Blackfeet Indian Irrigation Project (Federal Drought Assistance Program)
Bureau of Indian Affairs

Swift Dam, MT (Federal Drought Assistance Program)
Ponderosa Canal and Reservoir

Fort Belnap Indian Irrigation Project,MT
Bureau of Indian Affairs

Yellowtail Unit, Pick-Sloan Missouri Basin Program, MT
Bureau of Reclamation

Boysen Unit, Pick-Sloan Missouri Basin Program, WY
Bureau of Reclamation

Riverton Unit, Pick-Sloan Missouri Basin Program
Bureau of Reclamation

Minerals Management Service

21. Question: With regards to settlement of the legal dispute over Section 8(g) receipts:

a.(1) What is the FY 1987 budget assumption regarding amount of funds in 8(g) escrow?

Answer: The FY 1987 budget assumes an FY 1986 opening balance in the Section 8(g) escrow account totalling $6.2 billion. As a result of the March 15, 1984, decision in the case of the State of Texas v. James G. Watt, et. al., the undisputed portion of amounts held in escrow can be released to the Federal Treasury during FY 1986. The FY 1987 budget assumes that this amount, $781 million will be released from escrow to the Treasury by September 30, 1986. The budget also assumes no further releases of 8(g) escrow until FY 1988. This assumption is based on an expected decision by the Fifth Circuit Court of Appeals by late FY 1986 or early FY 1987, with further appeal to the U.S. Supreme Court to be decided in FY 1988.

The table below reflects the assumptions used in developing the FY 1987 budget and the timing of releases from Section 8(g) escrow:

Assumptions Included in 1987 Budget

($ in millions)

	FY 1986	FY 1987	FY 1988	FY 1989
Opening Balance	6,200	6,019	6,619	2,319
Deposits (+)	200	200	200	0
Interest Earned (+)	400	400	200	100
Subtotal	6,800	6,619	7,019	2,419
Amounts Released (-)	781	0	4,700	2,419
Closing Balance	6,319	6,619	2,319	0

Minerals Management Service

2'

Question: a.(2) Does this assumption differ from that assumed in the President's proposed FY 1986 budget and, if so, explain the differences.

Answer: The assumptions for the FY 1987 budget are different from those included in the FY 1986 budget. The midsession update of the President's FY 1986 Budget assumed the acceptance of Secretary Clark's offer which was as follows:

- o The amounts in Section 8(g) escrow related to the States not involved in litigation (Alabama, Alaska, California, Florida, and Mississippi), would be released at the end of the third quarter of FY 1986 (June 30, 1986).
- o Amounts held in escrow related to the States of Texas and Louisiana would be released in FY 1987.
- o States would receive 16 2/3 percent of escrowed rents and bonuses. The Government would receive 83 1/3 percent of rents and bonuses, and all royalties, except where the States prove drainage.
- o Section 8(g) escrow amounts would be paid out in total by the end of FY 1987.

The table below reflects the assumptions included in the FY 1986 budget:

(amounts in millions)

	FY 1986	FY 1987	FY 1988	FY 1989
Opening Balance	5,700	4,200	0	0
Deposits (+)	200	100	0	0
Interest Earned (+)	300	200	0	0
Subtotal	6,200	4,500	0	0
Amounts Released (-)	2,000	4,500	0	0
Closing Balance	4,200	0	0	0

The primary differences in assumptions between the FY 1986 and FY 1987 budgets are: The timing of releases of escrow; the amount deposited (rents, bonuses, and royalties) to the escrow account; changed interest rate assumptions; and the percentage of escrowed funds entitled to the Federal Government and the States.

Minerals Management Service

Question: 21 b.(1) What is the FY 1987 budget assumption regarding the distribution (and percentage) by State of such funds?

Answer: The assumption for the FY 1987 budget is that distribution to States of amounts held in escrow under Section 8(g) would take place during FY 1988 and FY 1989. The distribution would be as follows:

Payout of Section 8(g) Escrow

($ in millions)

STATE	FY 1988	FY 1989
Alabama	--	15
Alaska	--	8
California	--	70
Florida	--	--
Louisiana	122	--
Mississippi	--	4
Texas	40	--
Subtotal	162	97
Federal Share	4,527	2,334
Total Payout	4,689	2,431

Minerals Management Service

Question: 21 b.(2) Does this assumption differ from that assumed in the President's proposed FY 1986 Budget? If so, explain the difference.

Answer: The assumption for release of escrow by State as included in the FY 1986 President's budget updated at midsession was as follows:

Payout of Section 8(g) Escrow

($ in millions)

STATE	FY 1986	FY 1987
Alabama	42	--
Alaska	37	--
California	243	--
Florida	--	--
Louisiana	--	389
Mississippi	10	--
Texas	--	272
Subtotal	332	661
Federal Share	1,665	3,809
Total Payout	1,997	4,470

The primary differences in distribution of amounts to States were based on: The percentages included in FY 1986 assumptions (83 1/3% of Federal, 16 2/3% of States), as opposed to the percentages assumed in the FY 1987 estimates (96% Federal, and 4% to States for rents, bonuses, and royalties); and secondly, the timing of the releases based on assumed settlement of litigation. There would be no payout in FY 1988 and FY 1989.

Minerals Management Service

22. Question: What impact will reductions in the Royalty Management Program have on the ability of MMS to:

a. Collect, process and release payments to the States?

Answer: Reductions proposed for FY 1987 in the Royalty Management's Systems Development and Operation subactivity will have no impact on the ability of the program to collect, process, and release payments to the States. The primary objective of the Royalty Management Program is the accurate and timely determination, collection, accounting for, and distribution of all royalty and other revenues from Federal, Indian, and Outer Continental Shelf Lands leases. These primary activities, including the release of payments to the States and Indian Tribes, will be continued.

b. Process the proposed Section 8(g) settlement?

Answer: Processing amounts payable under the proposed Section 8(g) settlement is not expected to be impacted by these reductions.

Minerals Management Service

23. Question: Because of legislative changes in the past year, geophysical data will no longer be acquired in the same manner as in previous fiscal years.

a. What are the financial impacts on industry from these changes?

Answer: The financial impact on industry is the reduction in reimbursement by the government of a share of the costs directly related to normal processing of G&G data. Since the appropriations language only applies to permits issued after October 1, 1985, the following table demonstrates the proposed phase-out of funds required to acquire pre-FY 1986 permit data and projected costs through FY 1990.

Fiscal Year	Base	*Additional Funds Required	Total Funding Required	Decrease From FY 1985
1986	$2.0	2.66	4.66	3.16
1987	2.0	3.8	5.8	2.02
1988	2.0	0.7	2.7	5.12
1989	2.0	0	0	5.812
1990	2.0	0	0	5.812

* Funds required to reimburse permittees for seismic data acquired under permits issued before October 1, 1985.

Under the plan displayed in the table above, the reduction in funding for G&G data acquisition during the next 3 years will total $10.3 million; the permanent annual savings as a result of this proposal will be $5.812 million.

b. What is the projected cost to MMS under the new system?

Answer: The table above also displays a total annual cost estimate of $2.0 million for reproduction, special processing, and purchase of data gathered under permits issued by States or to support litigation. There are no other additional costs to MMS as a result of this proposal.

Minerals Management Service

24. Question: What effect will reductions in geophysical acquisition funding have on the implementation of OCS lease sales planned for FY 1987?

Answer: MMS does not anticipate any adverse effects in conducting OCS lease sales scheduled in FY 1987. Projected funding available to acquire pre-FY 1986 permit data should be adequate. With only reproduction costs required for data acquired under permits issued during FY 1986 and thereafter, it will be possible to acquire more data for less cost to the government.

Minerals Management Service

25. Question: a. What is the current status of the new computer system for royalty collection?

Answer: The System Integration Plan calls for the installation of an IBM 3081GX mainframe with supporting peripherals and 46 packages of system software, reimplementation of the Auditing and Financial System (AFS), and commencement of Operations and Maintenance (O&M) activity by the contractor, Martin Marietta Data Systems. Decisions were made not to reimplement the Production Accounting and Auditing System (PAAS) and the Bonus and Rental Accounting Support System (BRASS) at this time. These systems can continue to function on VAX computers until the reimplementation of AFS is successfully demonstrated.

The status of each element of the Plan follows:

Hardware and Systems Software

The hardware was installed by IBM and turned over to the contractor July 26, 1985. The system software was installed by Martin Marietta and turned over to MMS October 1, 1985. Both hardware and system software functioned well during this period. The hardware functional acceptance test and system software acceptance test plans were developed by the contractor during this period with the hardware test run in December and the system software test completed as scheduled in January 1986. Of the 46 systems software packages tested, 41 were accepted. The remaining five packages were returned to the contractor and will be retested upon completion of required modifications.

Reimplementation of AFS

The AFS was divided into 17 work packages by the contractor for reimplementation from the VAX to the IBM environment. Martin Marietta deliverables for MMS approval for payment include a preparation phase and reimplementation/unit test phase for each work package. Additional deliverables include integration and system test plans and results.

On December 19, 1985, the MMS contracting officer accepted a Martin Marietta revision to the delivery schedule indicating the AFS would be turned over to MMS for acceptance testing and subsequent parallel operations on May 16, 1986. The delay of about 5 months was attributable to the contractor's experiencing difficulties in preparation of work packages and in developing unit test data to meet stringent testing requirements. Prior to the contractor formalizing the revised schedule, several meetings were held between Interior officials and Martin Marietta officials. The Secretary personally discussed the situation and the high priority placed on this project with the Chief Executive Officer of Martin Marietta.

As of December 31, 1985, Martin Marietta has met or exceeded the revised schedule for submission of work package preparation deliverables. The first converted work package deliverable was received by MMS on December 16, 1985, as scheduled, but was rejected due to lack of quality in several areas. Also at this time, reimplementation design difficulties surfaced in Work Package 2. Based on reimplementation/unit test problems with these first two packages, it is anticipated that an extensive effort between the contractor and MMS will be necessary to resolve these and any further problems to arrive at acceptable reimplementation/unit test deliverables. However, continuing discussions with the contractor lead us to conclude that further delays in the schedule are likely. The MMS will continue to timely apprise Congress of this conversion effort.

Operations and Maintenance

Activities by Martin Marietta, under the Operations and Maintenance contract, commenced October 1, 1985. Initial tasks include computer operations support for AFS reimplementation, support for monitoring of reimplementation activities by MMS, support for interactive training programs, and support for the State and Tribal Support System (STATSS) being designed to provide online access to the information in the Royalty Management Program data base.

Minerals Management Service

25 b. What has been the personnel impact of its implementation?

Answer: Since the new computer system has not yet been implemented, there has been no measurable impact to date on MMS personnel. However, a number of positive impacts are possible with the expanded capabilities of the new mainframe computer when the Auditing and Financial System (AFS) is operational on the new mainframe computer. Examples of these are:

- — The ability to update the data base interactively will allow certain functions (such as error correction) to be performed online thereby eliminating duplicate work. Because of current VAX operational constraints, the error correction function is accomplished through batch processes which require continuous review and re-review to determine if correction efforts succeeded.
- -- Improved ability to generate reports that will aid auditors in audit candidate selection.
- — Savings in contractor supported operations and maintenance functions will be possible and have been proposed as part of the FY 1987 President's Budget submission.

The new computer system will be instrumental in allowing the Royalty Management Program (RMP) to improve its responsiveness to its programmatic mandates.

Furthermore, factors such as decreases in system response time and the ability to have online access, will greatly enhance RMP personnel productivity. The new computer hardware will enable MMS staff to carry out many of the goals of this program which were established at the time that the software was being designed, but have yet to be fulfilled due to inadequate hardware capacity.

Minerals Management Service

26. Question: a. What budgetary impact is created by proposed changes to Section 19 of OCSLAA of 1978?

Answer: The proposed changes would, in all likelihood, cause some sales to be modified as to date and number of potential tracts offered thereby resulting in significantly reduced bonus receipts to the U.S. Government. Additionally, the "changes" proposed in the the Budget Reconciliation Bill could be substantial in terms of additional budgetary resource requirements. Estimates range up to as much as $10 million annually, including the acquisition of additional amounts of geologic and geophysical data and environmental information.

b. Does the budget reflect such changes?

Answer: The FY 1987 President's Budget does not reflect the proposed changes to Section 19 of OCSLAA of 1978. The Administration remains opposed to the proposal in its present form.

Minerals Management Service

27. Question: The budget documents propose a consolidation of MMS staff within the Washington, D.C., metro area.

a. Are staffing reductions contemplated by this action?

Answer: The proposal to consolidate the MMS offices in suburban Northern Virginia is not based on proposed staff reductions. MMS is currently located in four separate office buildings between Vienna and Dulles airport. The consolidation of these separate office locations into a more centralized, single facility will improve the management of MMS operations. The programs managed by MMS encounter much difficulty in communications due to this separation of functions. Coordinating meetings, administrative activities, and completing required program actions is significantly hampered by the fragmentation. The staff housed currently in four separate buildings will be moved to a single facility within the same geographical area to facilitate effective operations and management oversight.

b. Are programmatic changes anticipated?

Answer: There are no programmatic changes anticipated as a result of this consolidation.

Minerals Management Service

28. Question: What level of FY 1987 funding will be devoted to examination of possible strategic and critical minerals on the OCS and within the Exclusive Economic Zone?

Answer: Program funding since FY 1985 has been at the following levels:

($ in millions)

FY 1985	-	2.1
FY 1986	-	1.8
FY 1987	-	1.4

The strategic and critical minerals program is relatively new and was established to identify, investigate, and lease nonenergy minerals located on the Outer Continental Shelf (OCS) and within the Exclusive Economic Zone (EEZ). To implement this program, the Office of Strategic and International Minerals (OSIM) was established in August, 1983. Its purpose is to develop the leasing and regulatory programs required under the OCS Lands Act and encourage the formation of a domestic offshore mining industry capable of reducing the United States' dependency on foreign sources of strategic materials and certain other nonenergy minerals. This program represents the Department of the Interior's effort to support interest in a commercial industry capable of producing critical, nonenergy, strategic, and other industrial minerals located on the OCS and EEZ.

The Office of Strategic and International Minerals, headquartered in Long Beach, California is investigating leasing proposals and preparing exploration, leasing, and operational regulations. Currently, leasing proposals are being developed in cooperation with the governments of adjacent and affected States through the use of Joint Federal/ State Task Forces appointed by the Secretary of the Interior and respective Governors. Contract studies funded by MMS through State governments are being used for resource assessment and preparation of the environmental impact statements and related background studies.

Program efforts are presently directed towards evaluating the leasing potential of cobalt-rich manganese crusts, polymetallic sulfides, phosphorites, heavy metal placers, and sand and gravel construction materials to determine the potential for future lease sales of these resources.

Minerals Management Service

29. Question: In budget hearings last year MMS indicated a draft EIS would be available for the Gorda Ridge polymetallic sulfides project off the coasts of Oregon and California by the end of FY 1986.

a. Is that draft EIS completed?

Answer: The Gorda Ridge leasing proposal is continuing to be studied by the Joint Federal/State Gorda Ridge (GR) Technical Task Force which was established in February of 1984 by former Secretary William Clark and Governor Atiyeh of Oregon. During 1984 the GR Task Force held three meetings to review the leasing proposal and recommend a plan of action to address possible deficiencies in the draft EIS for the lease sale which had been released in December of 1983. On the basis of these meetings the GR Task Force recommended that the Department not proceed with preparation of a revised draft EIS until more was known about the resource potential of the area and the impacts likely to result from mining.

b. What is the current status of the project?

Answer: During 1985, the Department sponsored a research program recommended by the GR Task Force that involved water chemistry, heat flow, and seismic studies, as well as dredging, coring, and environmental studies of the Gorda Ridge.

The research highlights of the 1985 program included the dredging of massive sulfides from the southern end of the Gorda Ridge, and the discovery of hydrothermal plumes at the northern end of the Gorda Ridge. The joint Federal/State Gorda Ridge Technical Task Force is scheduled to meet again in Portland, Oregon, on February 26-28, 1986, to review the results of research conducted during 1985 and develop recommendations for the Secretary of the Interior on the lease proposal.

The other major leasing proposal under consideration is for cobalt-rich manganese crusts in the Hawaiian/Johnston Island OCS/EEZ. This leasing proposal is also being investigated by a joint Federal/State Task Force. The efforts of the Hawaiian Task Force are now concentrated on overseeing the preparation of an environmental impact statement for a proposed lease sale.

The present schedule calls for the publication of a Hawaii/Johnston Island draft EIS in the Spring 1986, followed by public hearings and a comment period, with the final EIS to be published in November 1986. The lease offering, if approved by the Secretary, could occur in 1987 with leases issued before the end of the year.

National Park Service

30. Question: Please provide the Committee with an up-to-date compilation of costs associated with the acquisition backlog of the Land and Water Conservation Fund.

Answer: A copy of the requested information is attached.

National Park Service
Land and Water Conservation Fund
Backlog After F.Y. 1986
(Excludes Alaskan Parks and Redwood NP)

Area	Tracts	Acres	Amount
Inholdings	2,126	30,493	140,525,336 1/
Agate Fossil Beds NM	1	293	63,134
Antietam NB	29	1,097	4,875,000 2/
Appalachian NST	243	16,107	15,597,224
Bent's Old Fort NHS	2	39	512,607
Big Bend NP	1	33,000	1,500,000
Big Cypress NPres	65	2,000	Unknown 3/
Bighorn Canyon NRA	76	2,067	Unknown 3/
Big Thicket NPres	68	2,555	Unknown 3/
Biscayne NP	14	516	3,400,000
Black Canyon of the Gunnison NM	4	2,893	1,226,000 2/
Chaco Culture NHP	5	1,912	9,520,000
Channel Islands NP	1	5,694	Unknown 3/
Chattahoochee River NRA	100	1,330	6,500,000
Coronado NMem	3	51	472,113
Cumberland Island NP	3	1,540	3,215,000
Cuyahoga Valley NRA	533	8,031	Unknown 3/
Delaware Water Gap NRA	139	2,830	16,313,064 2/
Ebey's Landing NHPres	29	1,276	79,000
Fire Island NS	Unk	Unk	2,980,788
Fort Frederica NM	5	5	Unknown 3/
Fort Laramie NHS	2	62	362,000 2/
Fort Smith NHS	16	39	535,000
Golden Gate NRA	107	6,788	7,191,150
Golden Spike NHS	16	532	298,000
Grand-Kohrs Ranch NHS	4	841	724,236
Great Sand Dunes NM (Expansion Area)	1	1,833	265,000
Gulf Islands NS	15	1,069	300,000
Haleakala NP	36	1,035	813,835
Harpers Ferry NHP	8	19	300,000 4/
Hohokam Pima NM	107	1,690	75,204 4/
Homestead NM of America	3	12	Unknown 3/
Jean Lafitte NHP&Pres	13	1,814	31,220,570
Jefferson N. Expansion Mem NHS	7	100	1,000,000 4/
John Day Fossil Beds NM	9	2,323	3,054,003
Kalaupapa NHP	6	150	2,500,000 4/
Kaloko-Honokohau NHP	3	616	24,595,708
Klondike Gold Rush NHP	46	269	741,000

Lake Mead NRA	118	4,879	1,019,000
Lower St. Croix NSR	4	120	250,000
Lyndon B. Johnson NHP	22	1,242	1,400,000
Manassas NBP	32	360	2,760,000
Martin Luther King, Jr., NHS	52	6	2,495,000
Minute Man NHP	19	29	464,500 4/
Monocacy NB	4	171	685,617
Mound City Group NM	2	150	1,000,000
New River Gorge NR	385	45,857	11,507,982
Ozark NSR	19	1,065	55,018
Palo Alto Battlefield NHS	1	50	87,000 4/
Pictured Rocks NL	28	1,132	751,772
Point Reyes NS	77	847	683,018
Rio Grande WSR	Unk	Unk	1,650,000 4/
Rocky Mountain NP	22	357	2,754,715 2/
St. Croix NSR	236	10,640	4,108,404
Salinas NM	1	26	53,000
San Antonio Missions NHP	11	4	5,663,455
Santa Monica Mtns. NRA	1,073	48,804	51,491,768
Santa Monica Mtns. NRA	- State Grant -	-	25,770,000
Saratoga NHP	2	8	204,000
Sequoia NP (Mineral King)	8	556	4,614,589 2/
Sleeping Bear Dunes NL	40	1,450	6,468,732
Tuzigoot NM	4	752	1,350,000
Upper Delaware S&RR	4	75,527	Unknown 4/
Valley Forge NHP	9	112	3,608,435
Virgin Islands NP	244	1,559	6,292,000 2/
Voyageurs NP	72	1,913	4,208,204
War in the Pacific NHP	49	239	14,224,000
Wind Cave NP	1	228	221,300
Total	6,385	331,004	$ 436,596,481

Footnotes:

1/ Based on estimate dated 09/30/84.

2/ No statutory ceiling; amount shown based on estimate at time of authorization.

3/ Requires increase in statutory ceiling authorization, or appropriation under P.L. 95-42 authority.

4/ No Land Protection Plan.

National Park Service

31. Question: In these tight budget times, there is a need to continue to explore alternatives to fee acquisition. One such alternative is the use of land exchange. What is the status of the Department's Task Force on Land Exchange?

Answer: The Interior Agency Task Force on Large Land Exchanges, originally under the direction of the Assistant Secretary for Land and Minerals Management, was reconstituted under the leadership of the Assistant Secretary for Fish and Wildlife and Parks on September 24, 1985. The new mission of the Task Force is to determine how to increase the timeliness of large land exchanges benefitting conservation units as well as identifying modifications that could improve normal exchanges. The Task Force has met several times over the past five months and has drafted general guidelines and a process to be followed for accomplishing land exchanges involving significant resources. These draft guidelines proposed by the Task Force are being reviewed within the Department at this time. It is anticipated that these guidelines and other recommendations concerning improvement of the exchange process will be made final within the next few months.

National Park Service

32. Question: The President's FY 87 Budget calls for a substantial increase in fees for the Park Service. How can you ensure that such increased revenues will not be used to offset a corresponding decrease in the Park Service's operations account in the future?

Answer: I can offer no blanket assurances about future budget requests for the National Park Service. Under the proposed legislation, 80 percent of the revenues from recreation fees collected at units of the National Park System would be deposited in a permanent account and be available without appropriation for use by the National Park Service to improve park operations. Our intention in proposing this legislation is to create a fund that will be used to cover a portion of the operating requirements of National Park System areas beginning in FY 1987 in lieu of requesting increased appropriations. By permitting the use of increased fee revenues to enhance park programs, we can maintain a high standard for visitor services and resources preservation at no additional cost to the general taxpayer.

National Park Service

33. Question: How were estimates of increased Park Service fee revenues calculated?

Answer: In order to estimate increased revenues from entrance fee answers were needed to two key questions: (1) For which sites is an entrance fee appropriate? (2) What is a fair and reasonable fee amount for each area.

To answer the first question each area was evaluated using the 6 criteria for recreation fees included in the Land and Water Conservation Fund Act. These criteria are: the direct and indirect cost to the government, visitor benefits, comparable fees charged by public and private organizations, economic and administrative feasibility, public policy or interest served, and other pertinent factors. Based on this evaluation all units were grouped into 4 categories: prime, intermediate, standard, or non-fee.

To determine appropriate fee rates the Service looked at the conclusions of the August 1982 GAO study as well as rates charged for State and local parks, to arrive at the following recommendation:

Prime areas....................	$10.00 per vehicle
Intermediate..................	5.00 per vehicle
Standard......................	3.00 per vehicle

Per person rates were set at 50 percent of the per vehicle amount ($5.00, $2.50, and $1.50 respectively)

The Service's experience in the present 60 fee areas was used to compute a factor relating recorded visitation with fee revenues. This factor was then applied to the 1985 visitation figure and the proposed fee for each recommended area to arrive at the estimated revenue for fiscal 1987.

National Park Service

34. Question: If approved, how will the additional Park Service fees be collected? What will be the cost of collection?

Answer: Generally, the additional Park Service fees will be collected in the same manner as fees are currently collected at 60 areas. In some cases entrance stations will be placed on principal access roads and fees will be collected by park staff and/or volunteers. In other areas visitors will be directed to pay the entrance fee at the park visitor center or upon entry to an historic building. Collecting methods will vary with the individual site. The Service estimates that under the proposed legislation the cost of collection will increase from $6.1 million to $11.1 million.

QUESTIONS SUBMITTED BY SENATOR McCLURE

Territorial and International Affairs

35. Question: Please provide the Committee with copies of the Territorial requests to OTIA and the OTIA request to OMB.

Answer: The material requested for this question, because of its voluminous nature has only been supplied to the committee. The information requested pertaining to the submission to the Office of Management and Budget of the amount requested in the FY 87 budget by the Department for the Office of Territorial and International Affairs in September, 1985, is contained on the following chart.

(Dollar amounts in thousands)

		FY 1986 Estimate	FY 1987 Request	Inc.(+) or Dec.(-)
Administration of Territories:	($)	70,067	78,152	+ 8,085
	(FTE-T)	(41)	(46)	(+5)
Trust Territory of the Pacific Islands:	($)	13,500	29,000	+ 15,500
	(FTE-T)	(10)	(5)	(-5)
Subtotal, Appropriations Requested:	($)	83,567	107,152	+23,585
	(FTE-T)	(51)	(51)	(---)
Payments to U.S. Territories, Fiscal Assistance:	($)	66,000	60,000	- 6,000
	(FTE-T)	(--)	(--)	(--)
	($)	149,567	167,152	+17,585
Total	(FTE-T)	(51)	(51)	(--)

36. On December 3rd the Committee held a hearing on 3 legislative proposals regarding the territories. At the hearing Assistant Secretary Montoya indicated that the Administration had not developed its position on S.1441 regarding Guam Lands but that a position would be available before the start of the 2nd session of the 99th Congress.

a. Question: The Committee still has not received the Administration position. When can we expect it?

Answer: Besides coordinating our views with several Executive Branch agencies, we have been consulting with Congressman Blaz and his staff. Our position and proposal are in the review process and will be available within the next two weeks.

b. Question: At the December 3rd hearing the Committee requested the response to several questions for the record. When can we expect those responses?

Answer: The answers to those questions are also in the review process and will be available within the next two weeks.

37. Funding for the relocation of capitol facilities in the FSM, RMI and Palau was not included in the FY 1987 budget.

a. Question: Does this mean that the Administration believes the U.S. commitment for the capitols has been met? If not, why was the request not made?

Answer: The Administration does not believe that the U.S. commitment has been met. However, due to budget constraints, the Department decided not to include funding for the capitols in its FY 1987 budget. In addition, at the time the FY 1987 budget was developed, the FY 1986 House appropriation bill included $12 million that would have met the commitment for the Federated States of Micronesia and the Marshall Islands. The third government, Palau, has not yet developed any definitive plans for a capitol.

b. Question: Does the Administration believe that the requests to Congress for this funding constitute a fulfillment of this obligation?

Answer: Although the Administration has twice requested funding from Congress for construction of the capitols, it does not consider this a fulfillment of the United States obligation.

38.a Question: If the Congress provides that the financial and programmatic assistance under the Compact is to be administered by the Department of the Interior, what will be the impact on your FY 87 budget request in terms of personnel and operations?

Answer: At this time, the FY 1987 budget does not reflect any changes to personnel levels or operating budgets as a result of the Compact. However, we are conducting a review of the Compact legislation to determine our responsibilities and workload vis a vis other Departments and agencies.

b. Question: Does the Department plan to continue the employment of any Trust Territory Government employees to assist in Compact implementation? If so, how many?

Answer: At this time, we do not anticipate continuing employment of Trust Territory Government employees to assist in Compact implementation. We will, however, continue employment of Trust Territory personnel to administer programs for the Republic of Palau and to assist in transition.

C. Question: Does the Department plan to hire any additional staff to assist in transition and budget oversight?

Answer: The Department's budget anticipates 5 additional positions for the Office of Territorial and International Affairs that could be used to assist in transition and budget oversight. However, reductions pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 may preclude several of these vacancies from being filled.

39. A. Question: What will be the increase in funding, over FY86, for which OTIA will have oversight responsibility in FY87 and FY88 as a result of Compact implementation?

Answer: The FY 1987 request, including Compact funding, is $73.5 million greater than the FY 1986 adjusted appropriation. The Department has also submitted an FY 1986 supplemental request for Compact funding of $270.9 million. The FY 1988 budget has not been developed. Mandatory Compact fund in FY 1988 will be approximately $148 million. This figure will vary slightly depending on the inflation adjustment and the costs of continuing Federal programs.

b. Question: How many additional staff will OTIA be provided to perform this expanded responsibility?

Answer: We are not budgeting for any additional staff at this time.

c, Question: Did OTIA request additional staff positions and administrative funding to perform these responsibilities? If so, how many positions and how much funding?

Answer: OTIA made a preliminary evaluation that a maximum of 4 FTEs and $.3 million would be required in FY 1986 and 15 FTEs and $1.1 million would be required in FY 1987. This information was given to OMB, although not in the context of a formal request. This is because there are many outstanding issues that must still be resolved including the final delegation of responsibilities within the Administration.

d Question: Were these positions and funding in addition to, or did they include the 5 new positions granted in the FY87 budget?

Answer: These positions were in addition to the 5 new positions requested in the FY 1987 budget.

40. Current Trust Territory Government employees represent a pool of persons with knowledge and experience in the Trust Territory.

a. Question: How many such persons, both civil servant and contract employees are there?

Answer: There are currently 4 civil servants in the Trust Territory Government and approximately 70 contract employees.

b. Question: How many are there expected to be one year from now?

Answer: We envision only minor reductions in the number of personnel until Palau is included under the Compact of Free Association and the Trusteeship is fully terminated. The budget was developed under an assumption that Palau would still be a part of the Trust Territory one year from now.

c. Question: Would they be eligible for employment in the 5 new positions called for in the OTIA budget?

Answer: Some individuals may be eligible. The remaining civil service employees include the High Commissioner, the Attorney General, the Chief Justice and an Associate Justice. The contract employees are primarily specialists and technicians involved in Federal grant programs or are local hires involved in specialized functions such as archiving and security. We are not aware of any contract employees who also have civil service status, although a few may qualify.

d. Question: Would these individuals be useful as staff to assist in Compact implementation and oversight?

Answer: There are individuals who may be useful to assist in Compact implementation and oversight.

41. The Committee was informed last Congress by Ambassador Zeder that all provisions of the Compact would be held in abeyance until economic development plans were developed and concurred in. The Committee has received a five year plan for the Marshalls and the Federated States of Micronesia.

a. Question: What is the status of the plan for Palau?

Answer: I have been informed by the Office for Micronesian Status Negotiations that Palau's requirements, in this regard, differ from those of the Federated States of Micronesia and the Marshall Islands. In lieu of an economic development plan, Palau would have an agreed upon capitol improvement program that would contain a list of specific projects to be completed. Palau is, however, also preparing an economic development plan with technical assistance provided by the Department, although it is not required by the Compact, as negotiated.

b. Question: What is the precise process for U.S. concurrence in these plans and specifically what agencies will be involved in the review and what will be their role?

Answer: The Office for Micronesian Status Negotiations is coordinating the President's review process with member agencies of the interagency group on Micronesia, (State, AID, Interior, Defense, Treasury and Commerce). The plans, including specific comments from The Department of the Interior and the Agency for International Development, will be submitted to the Congress on or about March 15.

42. Interior proposes to end all activities in the Federated States of Micronesia and Republic of the Marshall Islands. It seems that this sudden shift in policy could have serious repercussions.

a. Question: What about the mechanics of transition?

Answer: The governments have been operating under their own constitutions for several years now and believe they are prepared to operate under their new status. The Department of the Interior is not ending all activities in the Federated States of Micronesia and the Marshall Islands. It will continue involvement through Compact administration and will continue to provide advice and technical assistance.

b. Question: What will happen to oversight of ongoing projects?

Answer: Ongoing projects will continue to be administered by the Trust Territory Government or the Department of the Interior until completion.

c. Question: Who will train territorial and State Department personnel to assume oversight responsibilities?

Answer: We are not certain that any special training is required. Staff in the Office of Territorial and International Affairs have worked with the Micronesian governments for many years and should be able to adjust to the new status, just as the new governments will have to adjust. We have received no requests, nor do we anticipate any, from the State Department to train their personnel. We understand that the State Department has its own training for staff involved in consular activities and government-to-government relations.

d. Question: Please provide the Committee with a copy of any specific plans the Department has developed to mitigate the impact of Interior's withdrawal from these insular areas.

Answer: Since the Department does not anticipate withdrawing from these areas, no plans have been developed.

43. Question: What were the transition budget requests for the Federated States of Micronesia and the Republic of the Marshall Islands for FY 87?

Answer: Since the Federated States of Micronesia and the Marshall Islands Governments were counting on enactment and implementation of the Compact, they did not submit FY 1987 budget requests to the Department as they did in prior years.

44. a. Question: Have the other agencies of the government who will have programs continuing under the Compact been officially notified that their programs will continue and they should budget accordingly?

Answer: The Department has not officially notified any other agencies concerning continuation of programs. It is our understanding that those agencies that will continue to provide services (Department of Transportation, U.S. Postal Service, Federal Emergency Management Administration, National Weather Service) were involved in developing the subsidiary agreements concerning their programs and are fully aware of their responsibilities. The Department's budget request for the Compact contains sufficient funds to reimburse these agencies for their services.

Not asked

b. Question: If not, when do you plan to officially notify them?

Answer: We will be meeting often with these agencies over the next several months to discuss their services and work out arrangements to reimburse them for the costs they incur.

45. Question: Could the Department please comment on the need for, cost, planning status and funding source for the following projects:

- New High School in Southern Guam

Answer: Guam has in previous budget requests, asked for $18 million to build a new high school. The school would be used by an estimated 1900 students, 1500 of which are currently attending high schools that were originally built as junior highs and 400 of which are currently attending another high school which is overcrowded. A site has been selected and A/E design and soil testing have been completed. We believe that a local school bond would be a viable source of funding for this project. We would also like to note that funding for this project was not included in Guam's FY 1987 budget request to the Department.

- Administration building in American Samoa

Answer: The Department believes that there is a need to relocate government offices away from the commercial port area and free that area for economic development. Congress has appropriated $3 million for that purpose. The American Samoa Government is considering the concept of building a larger building in joint venture with private business. We recently provided American Samoa with technical assistance to help explore such an option. At this time, final plans and designs have not been completed.

- New Hospital facilities in Palau

Answer: A hospital renovation project was begun in FY 1983 using approximately $.4 million of grant funds from the Department. That project is still underway. In the meantime, Palau contracted for architectural and engineering design of a new hospital estimated to cost approximately $14.8 million. Congress appropriated $5 million in FY 1986 and committed to provide an additional $5 million. This means that Palau must either make up the difference or rescope the hospital design. We agree with Congress that the project can be scaled down and completed for $10 million. As for funding, the Department has consistently maintained that this project was not included in the pre-Compact capital improvement program and could be funded from Compact moneys when Palau and the U.S. have approved a Compact.

- Electrical generating facilities in Saipan

Answer: Saipan will need to expand and upgrade their power supply in the next five years. They have committed that within three-years, rates will be adjusted to recover all costs of the power system. They also have negotiated and the Administration has agreed to provide them with $126 million over the next seven years for capital development. Power is one of the seven categories for which this capital money can be used. The Northern Mariana Islands Government has not yet prepared or submitted a detailed plan for this money, so it is premature for us to speculate on how much money may be used for electrical generating facilities. If the NMI meets its goal of fully recovering costs in three years, revenue bonds would be another potential source of funds.

- New Capitol facilities in Majuro and Koror

Answer: The U.S. has committed to provide capital facilities for the Marshall Islands and Palau. The Administration's commitment for each of these governments is $3 million. Architectural and engineering design money was appropriated in FY 1982. Construction funds have not been appropriated for either government. The Marshall Islands has completed A&E for a $7 million facility to be built in Majuro. Palau has not used any of the $.4 million that was granted to them for A&E. Their constitution requires that a capitol be built on the island of Babeltaup rather than Koror. Palau estimates that this may cost as much as $200 million since Babeltaup has little infrastructure to support such a facility. Palau is currently considering the concept of using funds appropriated for the capitol to renovate or build interim facilities in Koror.

46. Question Would you please list the amount of unobligated and unspent funds for each of the Territories and name the projects for which they were intended?

Answer: The information is provided in the following tables.

GUAM
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount 1/	Drawdowns 2/86	Grant Balance	Guam Expenditures 12/31/85	Unexpended Grant Authority 2/	Unexpended Balance Held By Guam 3/
Emergency Generators	1978	1.092.000	1.092.000	-0-	1.066.574	25.426	25.426
Water lines - North/ South & Central	1979	5,475,000	5,475,000	-0-	5,421.506	53,494	53,494
Water System N. District	1979	3,663.000	3,663,000	-0-	3,663,000	-0-	-0-
Guam Penitentiary	1980	8,274,000	8,274,000	-0-	8,274,000	-0-	-0-
Dededo Reservoir	1980	2,263.000	2,263.000	-0-	2,239,966	23,034	23,034
Waterline-Agat/Santa Rita	1981	3,200,000	3,200,000	-0-	3,119,013	80,987	80,987
Six Deep Wells	1981	675,000	675,000	-0-	544,618	130,382	130,382
Waterline Relief - Tumon	1981	100,000	100,000	-0-	-0-	100,000	100,000
Waterline - Mongmong/Maite	1981	568.000	568,000	-0-	513,760	54,240	54,240
Waterline - Agana/Asan	1981	950,000	950,000	-0-	7,152	942,848	942,848
Agat - Santa Rita Jr./Sr. High	1981	2,655,000	2,655,000	-0-	2,644,860	10,140	10,140
School Repair & Renovation	1981	4,095,000	4,095,000	-0-	3,716.844	378,156	378.156
Wells	1982	998,000	997,998	2	998,000	-0-	(2)
Waterline - Yigo/Mangilao	1982	1,023,000	988,214	34,786	988,214	34,786	-0-
Bridges	1982	3,597,000	2,403,198	1,193,502	2,368,725	1,228,275	34,773
High School Equipment	1982	1,133,000	1,133,000	-0-	1,085,736	47,264	47,264
Rt. 11 A	1982	1,469,000	367,250	1,101,750	209,544	1,259,456	157,706
Crime Lab Renovation	1982	130,000	130,000	-0-	-0-	130,000	130,000
Recreation Building	1982	259,000	259,000	-0-	259,000	-0-	-0-
Port Container Yard Exp.	1982	2.246,000	2,246.000	-0-	2,246,000	-0-	-0-
Waterlines- Dededo/Mangilao/Windward Hills/Chalan Pago	1983	2,567,000	1,882,732	684,268	1,882,732	684,268	-0-
Harbor of Refuge	1983	1,485,000	371,250	1,113,750	193,352	1,291,648	177,898
Dock Facility	1983	1,320,000	440,000	880,000	440,000	880,000	-0-
Northern Area Health Center	1983	1,000,000	850,000	150,000	1,000,000	-0-	(150,000)
Rt. 11 Reconstruction R	1983	-0-	-0-	-0-	-0-	-0-	-0-
Tumon Bay	1984	11,350,000	8,445,027	2,904,973	3.116.953	8,233,047	5,328,074
Memorial Hospital	1985	5,610,000	-0-	5,610,000	-0-	5,610,000	-0-
Penitentiary Dorm	1986	1,216,000	-0-	1,216,000	-0-	1,216,000	-0-
Water Improvements	1986	2,954,000	-0-	2,954,000	-0-	2,954,000	-0-
Mental Health Facility A/E	1986	190,000	-0-	190,000	-0-	190,000	-0-
Subtotal, 1986 CIP		4,360,000	-0-	4,360,000	-0-	4,360,000	-0-
Totals		71,557,000	53,523,969	18,033,031	45,999,549	25,557,451	7,524,420

1/ Grant amounts have been adjusted to reflect approved reprogrammings.
2/ Column 3 - Column 6
3/ Column 4 - Column 6

NMI
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount	Drawdowns As of 2/86	Grant Balance	NMI Expenditure 9/30/85	Unexpended Grant Balance [1/]	Unexpended Balance Held BY NMI [2/]
Hospital	1983 85	26,370,000	21,180,780	5,189,220	14,091,851	12,278,149	7,088,929
Water	1985	1,960,000	1,960,000	-0-	319,122	1,640,878	1,640,878
TOTALS		28,330,000	23,140,780	5,189,220	14,410,973	13,919,027	8,729,807

1/ Column 3 - Column 6

2/ Column 4 - Column 6

VIRGIN ISLANDS
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount	Drawdowns 2/86	Grant Balance	VI Expenditures	Unexpended Grant Authority [1]	Unexpended Balance Held by VI [2]	Report Date
Detention Center	1983	$1,500,000	$ 92,500	$1,407,500	$ 41,352	$1,458,648	$ 51,148	9/30/85
Water and Power Planning	1983	1,000,000	225,133	774,867	217,546	782,454	7,587	8/31/85
Detention Center	1984	1,500,000	129,500	1,370,500	11,769	1,488,231	117,731	9/30/85
Water Distribution	1984	1,000,000	-0-	1,000,000	-0-	1,000,000	-0-	8/31/85
College of VI	1985	490,000	490,000	-0-	144,030	345,970	345,970	12/31/85
Total		$5,490,000	$937,133	$4,967,867	$414,697	$5,075,303	$522,436	

[1] Column 3 - Column 6
[2] Column 4 - Column 6

AMERICAN SAMOA
STATUS OF ACTIVE CIP

Project	Fiscal Year	Grant Amount	Drawdowns 2/86	Grant Balance	AS Expenditures 5/31/85	Unexpended 1/ Grant Authority	Unexpended Balance 2/ Held by ASG
Samoana H.S. Classroom	1982	605,000	605,000	-0-	503,555	101,445	101,445
School Buses	1982	173,000	173,000	-0-	136,769	36,231	36,231
Manua Water System	1982	360,000	360,000	-0	107,272	252,728	252,728
Ofu Dock	1982	259,000	259,000	-0-	258,003	997	997
Village Water System	1982	511,107	511,107	-0-	343,742	167,365	167,365
Fishing Dock Support Facility	1982	605,000	605,000	-0-	547,178	57,822	57,822
Village Water System Extension	1982	211,000	211,000	-0-	203,127	7,873	7,873
Malaeimi Waterline	1982	45,000	45,000	-0-	26,999	18,001	18,001
Water System Leak Detection	1982	50,400	50,400	-0-	32,681	17,719	17,719
Aua/Leloaloa Waterline	1982	270,000	270,000	-0-	149,611	120,389	120,389
Tugboat	1983	810,000	779,000	31,000	778,621	31,379	379
Schools	1983	517,000	92,830	424,170	93,519	423,481	(689)
Roads	1983	450,000	450,000	-0-	449,691	309	309
Marine Railway	1985	1,960,000	-0-	1,960,000	-0-	1,960,000	-0-
Admin. Bldg.	1985	1,470,000	-0-	1,470,000	-0-	1,470,000	-0-
Housing Mortgages	1985	980,000	-0-	980,000	-0-	980,000	-0-
Totals		9,276,507	4,411,337	4,865,170	3,630,768	5,645,739	780,569

1/ Column 3 - Column 6
2/ Column 4 - Column 6

47. The U.S. and Northern Mariana Islands have an agreement which provides for multi-year financial assistance to the Northern Mariana Islands. Such a multi-year approach to funding allows for more considered planning, and uses funds more efficiently.

a. Question: Does the department support the extention of the multi-year funding approach to the other territories? If not, why not?

Answer: At this time, the Department does not support a multi-year funding approach for the other territories. The Northern Mariana Islands has a Covenant (P.L. 94-241) that provides for multi-year funding agreements. The other territories have different political status and also have different financial needs. We believe that multi-year funding is most appropriate when there are conditions attached and guarantees that make it mutually beneficial for both the territories and the Federal government.

b. does not apply

48. a. Question: Under the terms of the Gramm-Rudman-Hollings law the "coverover" of Federal taxes to the territories of Guam, the Virgin Islands and the Commonwealth of Puerto Rico have been sequestered. However, in a recent appearance before the House of Representatives OMB Director Miller indicated his belief that these funds should be exempt from sequestration. Does the Department agree with Director Miller's statement?

Answer: The Department agrees to the extent that it was one of the first to point out this problem to OMB. However, we do not believe that existing law allows for such an exemption.

b Question: If so, would the Department support a proposal which would provide that these funds not be sequestered?

Answer: The Department would support such a proposal if it was limited only to the tax "coverovers."

49. Question: Would you please provide the Committee with the U.S. Government's estimate of the total in-kind contributions of Japan to the Trust Territory of the Pacific Islands from 1945 to present.

Answer: The Department has asked the Department of State to obtain an accounting from Japan of the amount of assistance they have provided to the Trust Territory. Japan has not replied formally to this request. Informally, they have estimated that their total contributions are approximately $20 million.

50.a Question: Could you please describe the status of the Operations and Maintenance (O&M) program? What expenditures have been made in the last two years?

Answer: In FY 1982 and FY 1983, a total of $13.4 million was appropriated for this program. These funds have been fully obligated and expended. Funds were used for a variety of purposes including training, technical experts, purchase of heavy equipment and rolling stock, purchase of small machinery and tools, and development of capital stock inventories. In FY 1984 and FY 1985, an additional $11.9 million was appropriated. These funds are being used for many of the same purposes, but greater emphasis has been placed on hiring contractors to provide maintenance services and at the same time to train local staff in their areas of expertise.

b Question: Does the absence of a funding request for this program in FY86 and FY87 indicate that the Department believes that territorial operations and maintenance needs have been met? If not, why were requests not made?

Answer: The Department believes that operations and maintenance is a continuous need. However, the purpose of the program was to enhance the capabilities of the governments through training, technical advice and establishing inventories of equipment and supplies so that they would be properly equipped to maintain their own infrastructure. We believe this can be done within available funds.

c Question: What is the current balance of O&M funds and what portion of these are unobligated?

Answer: Of the money appropriated in FY 1984 and FY 1985, $7.1 million has been committed to the governments and $4.7 million has actually been obligated. Thus, there is still an unobligated balance of $7.2 million.

51. Question: What is the status of the comprehensive transportation study of the Trust Territory which was previously requested by Congress? When do you anticipate its transmittal?

Answer: The Department of Transportation is in the process of finalizing their report on the special transportation needs of the Pacific. We anticipate that the Department of Transportation will submit this report to Congress by April 1986. An additional report on ocean transportation needs in the Pacific has been requested of the Department of Transportation by the Congress with a submittal date of June 1987.

52. a. Question: What is the Department's understanding as to how capital imrovement project funding, within the Compact funding, would be drawn down?

Answer: Based on an agreement signed by the FSM in June 1983, funds identified for capital improvements would be "paid-in-full" at the beginning of each fiscal year. Our understanding is that the Marshall Islands has agreed in principle to a similar arrangement, but has not signed a formal agreement.

b. Question: Is this consistent with the understanding of the FSM and RMI? If not, why not?

Answer: We believe this is consistent with the understanding of the two governments.

c. Question: How do you recommend that any inconsistency be resolved?

Answer: At this time, there is no inconsistency.

53. Question: What is the Department's understanding as to its role in overseeing and managing unobligated capital improvement projects in the Trust Territory following Compact implementation? What is the level of unexpended funds for such projects?

Answer: All capital improvement projects, for which appropriations were made, were obligated at the time a grant was awarded. However, there are approximately $60 million in unexpended funds for capital improvement projects. We will continue to oversee and monitor these projects until completion under the existing grant agreements.

54. Question: The FY87 budget assumes Compact funding will be available for the FSM and the RMI but not Palau. When do you anticipate Compact funding for the FSM and the RMI will be submitted?

Answer: A budget request for Compact funding has been submitted with the FY 1987 budget. This includes an FY 1986 supplemental request.

55. Question: When do you anticipate the Palau Compact will be submitted to Congress?

Answer: We have been informed by the Office for Micronesian Status Negotiations that the Palau Compact will be submitted soon after receipt of the results of a plebiscite being held on February 21, 1986. It is estimated that this can be accomplished by mid-March.

56. Question: When will the administration officially appoint a representative to negotiate non-financial issues with the Northern Mariana Islands?

Answer: Assistant Secretary Richard T. Montoya has been appointed as the President's Special Representative in response to a formal request from the Government of the Northern Mariana Islands.

57. Question: What is the status of efforts to improve financial management systems in each of the territories? Please briefly describe the situation in each of the seven territorial governments, including a simple yes or no statement as to whether these governments are able to produce an auditable financial statement.

Answer:

1. Republic of the Marshall Islands:
   The Marshall Islands system is operating very well with exception of year-end closing procedures. A contractor is currently on-site to assist the Finance Department with development of financial procedures and system documentation. Auditable financial statements have not yet been produced.

2. The Federated States of Micronesia:
   A - Pohnpei: Pohnpei State and the FSM National Government are having significant problems with year-end closings. Daily operation of the system is showing progress as the users become more experienced. Auditable financial statements have not yet been produced.

   B.- Kosrae: Kosrae was the last government to receive a system and, like the other governments, is not familiar with year-end closing procedures. The only significant problem thus far identified is the delay in providing current year status reports for the departments. Daily operations are good. Auditable financial statements have not yet been produced.

   C.- Truk: The system in Truk State is operating very well, with the exception of the problem of year-end closing. Auditable financial statements have not yet been produced.

D.- Yap: The system in Yap has been plagued with mechanical problems which the hardware supplier has been working on. Yap experienced significant "down time" during 1985, but was able to maintain major operations by sharing the systems of neighbor governments. Auditable financial statements have not yet been produced.

3. Commonwealth of the Northern Marianas:
   The CNMI also has problems with year-end closing procedures in addition to cash reconciliation. Technical Assistance staff has been providing assistance with cash reconciliation to make the closing easier. Auditable financial statements have not yet been produced.

4. Palau:
   Palau is operating well, but the year-end closing is also a major concern. Since Palau was the first installation, their operational problems have been almost resolved. Auditable financial statements have not yet been produced.

For all of the territories and the Trust Territory, OTIA has funded positions for financial advisors. The advisors have proven to be invaluable during installation, and maintaining normal operations. To resolve the year-end closing problems, Touche Ross and Co. was contracted to assist all of the governments. It is anticipated that auditable reports for 1985 can be obtained from all the governments, subject to ineligible costs, which will be highlighted in footnotes on the statements.

Receipts

58. Question What new categories or increased receipts are assumed in the FY87 budgets? Indicate these receipts that require legislation.

Answer We are not proposing any new categories of receipts, but we have proposed increases to park entrance fees, which would produce about $52 million more in receipts. Legislation is required to raise park entrance fees.

Also, the Federal share of onshore mineral leasing and timber receipts would be increased as a result of the "net receipts sharing" proposal included in the budget. Under that proposal, payments to states and counties would be adjusted for the cost of operating the Federal programs that produce the receipts from which those payments are made. Legislation is also required for this change.

Finally, we estimate that there will be higher receipts from timber in FY 1987 mainly due to the cutting of about 20% of the timber for which the contracts have been extended until FY 1989, the so-called "grace period" timber.

Minerals Management Service

59. Question: a. What oil price assumptions are used in calculating OCS and other receipts?

Answer: For both onshore and OCS royalties, we used the standard oil price assumptions provided by OMB for all Federal agencies for the preparation of the FY 1987 budget. The price for FY 1987 was $24.00. For OCS rents and bonuses, we assumed a starting price of $28.00 per barrel for Gulf of Mexico and Atlantic oil, and $25.00 per barrel for oil produced off the coast of California and Alaska. We used different price assumptions for estimating OCS rents and bonuses because bidders primarily are concerned about the price 10-15 years from now, not today's price in determining the amount of their bid.

Question: b. What would be the corresponding receipts (and difference) if current (February 7) oil prices were assumed?

Answer: When the President's budget estimates were prepared, the assumptions used to develop revenue projections were based on the standard prices published by OMB for use by all Federal agencies. It is unclear at this time whether the recent decline in prices is temporary, and therefore would potentially have negligible impact on receipts over the long term. But if oil prices remain depressed, the Administration's April update of receipts would be fully developed to reflect the change.

Immediate revision in our estimates of receipts would be premature, because of the number of variables used in developing these projections. For example, production levels would most likely change as prices change. Price variations are offset through production changes. Of course, if nothing else did change, that is, only the price per barrel were to vary, then gross royalty receipts would change in direct proportion with the price. But the Department's total annual revenue receipts include bonus estimates, as well, and bonus estimates are less directly related to current prices. The prospect for finding new sources of oil combined with forcasted demand and price estimates for future years are much more relevant to bonus estimates. For that reason, I would hesitate to revise the bonus estimates before the next scheduled analysis is done in April.

Minerals Management Service

Our 1986 estimate of royalty receipts is $4.5 billion based on a price per barrel of $25 for domestic production. Excluding windfall profit tax adjustments, a 20 percent reduction in price (to $20 per barrel) would result in royalty receipts totalling $4.4 billion, a decrease of $0.1 billion from the estimate for 1986 based on six months of receipts. For 1987, the royalty estimate included in the budget is $4.7 billion, based on a price of $24 per barrel; but at $20 a barrel, the royalty amount would drop to $4.5 billion, again, assuming no other changes. In developing our estimates, net receipts must also reflect an adjustment for windfall profits taxes.

60. Question: What assumption is made regarding the disposition of sequestered payments to States?

Answer: The Department specifically asked OMB to rule on whether payments to states should be sequestered. OMB and CBO agreed that this account was subject to sequestration, and GAO took no exception to this.

Under Sec.256(a) of Gramm-Rudman Hollings (P.L. 99-177), budget authority is sequestered in special fund accounts such as payments to states, but it is not permanently cancelled; it is to remain in the account and be "available in accordance with and to the extent permitted by law, including the provisions of (Gramm-Rudman-Hollings)".

The sequestration that is scheduled to take effect on March 1, 1986 will last until the end of FY 1986 (September 30, 1986). If there is no sequestration in FY 1987, our preliminary analysis is that G-R-H will have no effect on the funds after September 30, 1986. Their availability would have to be decided under the specific legislation governing the special funds.

In the FY 1987 Budget Appendix, OMB shows the FY 1986 sequestered funds being carried forward as an unobligated balance throughout FY 1987.

Our lawyers are currently studying the issue. Further Congressional action may be needed.

Bureau of Reclamation

61. Question: Secretary Hodel, questions were submitted to you for your response prior to today's hearing. I would note that in your responses to questions about the Bureau of Reclamation's Small Projects loan program you stated that the Administration is planning to propose an amendment to the Small Reclamation Projects Act to require market interest rates plus 1/8 percent for administration costs.

a. What would this rate amount to?

Answer: For fiscal year 1986 the rate would be 10-3/4 plus the 1/8 or 10-7/8 percent.

Q. b. How does this compare to commercial rates?

Answer: Thirty year municipal revenue bonds currently are selling for about 8 percent and 20 year general obligation bonds are about 7.5 percent.

Bureau of Reclamation

62. Question: The budget proposal provides for funding of three new loans under the program. You were asked what effect would the imposition of market interest have on the ability of these applicants to participate in the program and you answered:

"That has not been determined. If the applicants do not want to pursue the loan under the new terms, other loan applicants will be offered loans."

I did not ask what the Bureau would do; I asked what would be the effect on the applicants?

Answer: We do not know the specific effect on the three new loan projects since the applications were based on interest-free irrigation repayment. We currently require the irrigators to pay up to their full ability each year. Therefore, to pay interest it will be necessary to extend the repayment period. However, this will be difficult in most cases because the average repayment ability is insufficient to pay the first year's interest charge. If the repayment period was increased to 50 years, the maximum allowed by law, the payment would be about 3.6 times than the interest-free annual payment.

Therefore, it is likely that few applicants would seek loans for irrigation.

Bureau of Reclamation

63. Question: This program is designed to make the Federal Government the lender of last resort. We are trying to make funds available to entities who are not able to secure financing elsewhere in order, for the most part, to fix-up aging water projects.

What happens to these projects if the people can't find the money to fix them up?

Answer: I assume that they would continue to deteriorate until they become incperable. But, I hasten to add, that if they are worth saving; i.e., worth the cost to repair including the cost of money, I would think the money would be available from some source.

Bureau of Reclamation

64. Question:

a. What would be the effect of charging the proposed interest rate on all irrigation costs.

Answer: Since we currently require that 100 percent of the irrigator's payment capacity be used in repaying the interest-free loans, the repayment period must be increased to obtain additional repayment. The typical situation will be that the irrigators will not be able to amortize their loans even in 50 years.

Question:

b. Would you not, in effect, price yourself out of the market for irrigation loans?

Answer: There may be some projects where the irrigators will be able to amortize their loans at the market rate of interest; there may be other cases where the irrigators may be subsidized by other water users or the States in order to maintain the marginal irrigation operations.

Bureau of Reclamation

65. Question: Mr. Secretary, has there ever been a default under the Small Reclamation Projects Act?

Answer: Yes. Redwood Valley County Water District (District), Redwood Valley, California is the only loan in default.

The Bureau of Reclamation (Bureau) executed a contract with District for repayment of a loan of $4.8 million. That contract an escalation ooan of $2.5 million. The entire loan is to be repaid over a 35-year period. The District's projects, which has since been completed, was built to convey and distribute irrigation and municipal and industrial (M&I) water in the Redwood Valley area.

The District currently owes the United States approximately $930,000 for delinquent principal and interest payments. Due to unexpected low demand for agricultural water, and consequently higher demand for M&I water, the M&I interest-bearing capital component has greatly exceeded that predicted. This has resulted in a substantially greater M&I interest charge than originally anticipated. The District has requested a 5-year deferment on payments towerd its loan obligation. The Bureau informed the District that it is authorized to lengthen the repayment period and defer principal payments owed during the early part of the repayment period as provided within the constraints of the law. However, the Bureau is unable to defer or "write-off" the District's M&I - related interest.

The Department still is considering what further action to take.

Bureau of Reclamation

66. Question: ~~a.~~ On page 12 of your statement to the Committee, you propose, under the heading of operation and maintenance, $10 million for the Central Valley Project "where the extraordinary maintenance program will fund payments for water delivery charges."

~~b.~~ Please explain the practice of funding water delivery charges with operation and maintenance funds. Is this a common practice?

Answer: The payments for water delivery charges are owed to the State of California for allowing the Bureau to wheel (or deliver) Central Valley Project (CVP) water through the State's system of canals and pumping plants while the Bureau's facilities were out of service for repairs. The cost of this wheeling service is $5.6 million. The remainder of the $10 million increase will finance other operation and maintenance needs in the CVP. The practice of wheeling water is not as common as the practice of wheeling electricity in the utility industry, but in this situation it is a necessary and efficient means of continuing water service while certain CVP facilities are out of service for repairs.

Minerals Management Service

67. Question: Last year the administrative costs were estimated at $125.2 million and Wyoming was slated to lose about $19.9 million. This year, with the $53.5 million proposal Wyoming will still lose about $19.7 million. Now, something doesn't compute in there to me, and I'd like to know why my State is losing the same amount of money when your so-called administrative costs have decreased.

a. Are there additional administrative costs hidden elsewhere in this budget for Forest Service minerals, Minerals Management Service costs and administration, or additional Bureau of Land Management costs, or is it just a flat $53.5 million?

Answer: The program costs estimated for FY 1987 are $125.0 million, a decrease of $0.2 million from the FY 1986 estimated costs. Receipts to the States would be reduced by $53.5 million if these costs were deducted from gross Onshore mineral leasing receipts. Following is a comparison of the proposal for Fiscal Years 1986 and 1987.

(Amounts in thousands of dollars)

	FY 1986 Estimate	FY 1987 Estimate
Total administrative costs	$125,200	$125,000
Multiply by 6%:		
Amount related to the collection of revenues for other distribution 1/	-7,512	-7,500
Subtotal	117,688	117,500
Divide by 2:		
Split the above subtotal between Federal Government and States	58,844	58,750
Multiply by 9% (1/12):		
Reduce amount to reflect the fact that the initial year of costs would be calculated on 11 months	-5,298	-5,288
Reduction to States	$ 53,546	$ 53,462

1/The Royalty Management Program collects mineral revenues which are in turn disbursed to a number of Federal sources, such as the Bureau of Reclamation, Corps of Engineers, Department of Agriculture, Department of Commerce, and U.S. Fish and Wildlife. This adjustment reduces the amount be divided between the Federal Government and the States for the portion of the costs related to distributing collected revenues to the Federal agencies noted above.

h. If the proposal is still a total deduction of $125 million, again, I would like the Department to provide, as quickly as possible to my office, a detailed breakdown, and I stress detailed, of all of the administrative costs.

Answer:

Derivation of FY 1986 and 1987 Total
Program Costs
(Amounts in millions of dollars)

	FY 1986 Estimate	FY 1987 Estimate
MINERALS MANAGEMENT SERVICE		
Royalty Management (Budget Estimate x .74) 1/	$27.7	$31.5
MMS General Administration $\frac{\text{(RMP FTE)}}{\text{(MMS FTE - Admin. FTE)}}$ x (Admin. Est.) x (.74)	5.5	6.1
Subtotal, MMS	33.2	37.6
BUREAU OF LAND MANAGEMENT 2/		
Oil and Gas	41.0	42.3
Geothermal	3.0	2.5
Coal	18.0	13.7
Nonenergy	4.0	3.9
Program Subtotal	66.0	62.4
BLM General Administration		
Program Subtotal x overhead rate	11.9	11.9
Subtotal, BLM	77.9	74.3
FOREST SERVICE		
Leasable Minerals (based on Forest Service Budget Estimate)	14.1	13.1
TOTAL, Program Costs	$125.2	$125.0

1/Seventy-four percent of all producing leases are Federal onshore.

2/BLM program amounts based on FY 1986 and 1987 estimates less services provided to Indian leases.

Minerals Management Service (MMS)

Description of Onshore Mineral Leasing Costs

In developing the FY 1987 workload and budget estimates, the Department assumed that the entire Royalty Management Program is functionally directed toward accounting for and disbursing Federal and Indian mineral leasing revenues. This program was established specifically for that purpose in 1981, and performs no functions other than those related to mineral leasing revenues.

In determining methodology for royalty management cost recovery, the Department considered the calculations on two bases: producible leases or revenues generated by class of lease, e.g., offshore, onshore, and Indian. The producible leases option was selected as the most appropriate alternative because royalty management workload is more directly attributable to the number of leases than it is to the revenue generated from the lease. There is a base workload associated with each producible lease involving the establishment of accounts, the maintenance of basic accounting records, the submission of reports, and the distribution of funds. These functions must be performed whether the producible lease generated $10.00 in revenue or $10 million in revenue per annum.

Additional quantifiable workload associated with additional revenue generation once the lease base has been established has a minimal impact on the cost of management and operation for the MMS. Therefore, while offshore revenues (approximately 80 percent of the total) are a significant part of the gross, the associated lease base workload is significantly smaller, e.g., 7 percent. Hence, MMS costs are allocated on the basis of numbers of producible leases onshore versus total producible leases. At the end of calendar year 1985 (the data used in developing these estimates), there were a total of 23,422 producible leases. Of this total, 17,490 were Federal Onshore; 4,544 were Indian and 1,388 were Offshore. The MMS workload related to Federal Onshore mineral programs in the Royalty Management activity was therefore assumed to relate directly to this ratio: 17,490/23,422 Federal Onshore leases = 74 percent (rounded).

The MMS General Administration budget activity provides funding and staff support for indirect program management and administrative costs. Also included in this budget are the Service's fixed costs for rental space, Federal telephone service, and other support services. Since these functions support Royalty Management as well as the other programs of MMS, a pro rata share of MMS General Administration costs was added to the direct RMP costs to reflect total Federal costs related to Royalty Management. This allocation was based on a mathematical distribution developed under the assumption that administrative costs are proportional to the number of FTE supported. The Royalty Management Program staffing estimate for FY 1987 of 585 FTE represents approximately thirty-four (34.0) percent of the total MMS direct program staff supported (1,721 FTE-T). Since approximately seventy-four percent (74) of the Royalty Management Program workload represents Federal onshore minerals support, the General Administration budget percentage was reduced to reflect the pro rata share attributable to that function: (34.0% x 74% = 25.3%). This percentage was then applied to the MMS General Administration budget activity estimate for FY 1987, leading to the pro rata allocation of $6.1 million in MMS administrative support costs to the Royalty Management Program, ($24.1 million x 25.3% = $6.1 million).

Summary of MMS Activity/Subactivity Total Costs and Amounts Attributable to Onshore Federal Mineral Leases

(Dollars in Thousands)

	FY 1987 Estimated Total Costs for	Costs Attributable to Onshore Federal Mineral Leases (Excludes Indian Leases)
Royalty Management		
Mineral Revenue Collections	14,893	11,021
Mineral Revenue Compliance	10,382	7,683
Systems Development/Operations	17,234	12,753
Total, Royalty Management	42,509	31,457 or 31.5 million
General Administration	24,062	6,094 or 6.1 million
Total, MMS	66,571	37,551 or 37.6 million

These costs are further detailed on subsequent pages.

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM

Subactivity: Mineral Revenue Collections

I. Major Functions Performed

The major objectives of this subactivity are to collect and account for all mineral revenues due the Federal Government. Some of the functions performed include the following:

- Contact and interaction on a daily basis with payors and operators to encourage and improve reporting.
- Funds administration and investment.
- General ledger accounts maintenance.
- Federal distribution and disbursements.
- Bill verification and follow-up.
- Accounts receivable.
- Assessments and collections.
- Exception processing.
- Error Correction.
- Check processing.
- Manage Electronic Fund Transfer (EFT) program.
- Calculation of windfall profits tax.
- Royalty-in-Kind program.
- Refund requests processing.
- Appeals' reports prepared.
- Litigation support.

II. Distribution of Costs

The following information reflects an object class distribution of the total costs and amounts attributable to the collection of onshore Federal Mineral Receipts for the Mineral Revenue Collection subactivity:

(Dollars in Thousands)

Object Class Summary	FY 1987 Estimated Total Costs for Revenue Collection	Costs Attributable to Onshore Federal Mineral Leases (Excludes Indian Leases)
Personnel Compensation	9,594	7,099
Personnel Benefits	1,387	1,027
Travel	397	294
Transportation of Things	105	78
Rents, Communications, Utilities	382	283
Printing and Reproduction	230	170
Other Services	2,426	1,795
Supplies and Materials	235	174
Equipment	137	101
Total, Mineral Revenue Collections	14,893	11,021 = 74%

III. Description of Major Costs

The major costs for this subactivity are associated with personnel, travel, rents and communications, and other services. Three hundred fifty thousand ($350) thousand of the $382 thousand identified for rents and communications is attributable to the telephone equipment in the Lakewood Accounting Center (LAC) required by the Lessee Contact Branch for daily interaction with the payors and the public. The travel cost is attributable to payor/operator technical assistance visits, litigation support, field visits to BLM offices, and visits to LAC and/or headquarters. Other services costs are made up of: (a) approximately $1.6 million of an exception processing contract; (b) $311 thousand for GSA work orders (including costs of 24 hours per day, 7 days per week operation) and equipment maintenance; (c) $250 thousand for a contract with a major CPA firm; (d) $120 thousand for a reimbursable agreement covering the costs of litigation support by the Solicitor's Office. Printing costs are related to the printing and mailing of Bonus and Rental Accounting Support (BRASS) notices and payor reporting forms (model 2014's). The remainder covers miscellaneous contract items, training, supplies, and equipment purchases.

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM

Subactivity: Mineral Revenue Compliance

I. Major Functions Performed

The Minerals Revenue Compliance subactivity consists of two major functions: (1) Valuation and Standards and (2) Compliance. Valuation and Standards is responsible for valuing the products produced on Federal and Indian mineral leases to ensure that all royalties due are accurately received. The Compliance function is responsible for carrying out a comprehensive regulatory compliance program whose primary function is to perform audits of mineral revenue paying companies to ensure all royalties due on Federal and Indian leases are accurate and received on a timely basis.

Specific functions and tasks include the following:

- Issue product valuation determinations, transportation deductions, and processing deductions.
- Provide advice and assistance to industry and States on product value matters.
- Prepare technical support documentation for appeals of royalty valuation decisions.
- Perform lease compliance reviews, company audits, and specialized audits.
- Perform cooperative audits with States and oversight of Section 202 and Section 205 contracts.
- Maintain residency teams at approximately 13 major companies where continuous audits are performed of the company's records.

II. Distribution of Costs

The following information reflects an object class distribution of the total costs and amounts attributable to the Mineral Compliance subactivity in connection with the collection of Federal Mineral Receipts:

(Dollars in Thousands)

Object Class Summary	FY 1987 Estimated Total Costs for Revenue Compliance	Costs Attributable to Onshore Federal Mineral Leases (Excludes Indian Leases)
Personnel Compensation	6,793	5,027
Personnel Benefits	867	642
Travel	622	422
Transportation of Things	77	57
Rents, Communications, Utilities	120	89
Printing and Reproduction	2	1
Other Services	1,834	1,396
Supplies and Materials	52	38
Equipment	15	11
Total, Mineral Revenue Compliance	10,382	7,683 = 74%

III. Description of Major Costs

Over 73 percent of the total cost in the Compliance subactivity is attributable to the 198 staff years of effort. The Compliance travel of $580 thousand is directly related to the audit work conducted by the Royalty Compliance regional offices. Audits are performed on-site at companies' accounting centers. Under rents, communications, and utilities, $120 thousand is required to maintain office equipment, pay utilities for non-GSA space and commercial phone costs for industry contact for audit and royalty valuation purposes. Other services of $1,886 thousand is earmarked for the following:

$1,783	Section 202 and 205 cooperative and delegated audit effort with Western States.
103	Miscellaneous equipment maintenance agreements and training.

Compliance supplies and materials for 198 FTE is estimated at $52 thousand while equipment replacement cost is $15 thousand.

MINERALS MANAGEMENT SERVICE
ROYALTY MANAGEMENT PROGRAM

Subactivity: Systems Development and Operations

I. Major Functions Performed

The Systems subactivity is responsible for the integrity and continued operations and maintenance of the three accounting systems which together account for all royalties, rents, and bonuses from Federal and Indian mineral leases. The specific functions performed are:

- o Operating and maintaining 935 computer programs.
- o Determining, obtaining, and installing necessary hardware.
- o Modifying and enhancing operating systems to meet changing needs or to increase efficiency.
- o Planning, designing, and installing new software systems.
- o Provide support to 250 computer terminal interactive users.

II. Distribution of Costs

The following information reflects an object class distribution of the total costs and amounts attributable to the Systems Development and Operations for the collection of onshore Federal Mineral Receipts:

(Dollars in Thousands)

Object Class Summary	FY 1987 Estimated Total Costs for Systems	Costs Attributable to Onshore Federal Mineral Leases (Excludes Indian Leases)
Personnel Compensation	2,680	1,983
Personnel Benefits	385	285
Travel	101	75
Transportation of Things	50	37
Rents, Communications, Utilities	201	149
Printing and Reproduction	200	148
Other Services	12,756	9,439
Supplies and Materials	409	303
Equipment	452	334
Total, Systems Development and Operation	17,234	12,753 = 74%

III. Description of Major Costs

The Systems Development and Operations subactivity has 76 FTE with payroll costs of $3,065 million dedicated to operating and maintaining the Royalty Management Program systems.

Of the $12,756 million for other services, approximately $11.6 million is earmarked for contract support for computer operations and maintenance. This contract effort provides support for data entry, system software maintenance and documentation, computer facilities management, and reference data base maintenance. Funding of $380 thousand is required for equipment maintenance, $130 thousand for micrographics support, and $30 thousand for equipment licenses.

Funding of $409 thousand is required for magnetic tapes, computer paper, micrographic supplies, micro diskettes, print bands, and technical reference books. Equipment is estimated at $452 thousand for purchase of tape storage units, print buffers, high speed printer, hard disk to upgrade micro-computers, terminals, and computer peripherals that will enhance existing systems capacity.

MINERALS MANAGEMENT SERVICE
GENERAL ADMINISTRATION

General Administration funds and staff provide for the Service's executive management, administrative support, and basic fixed operating costs. These responsibilities are not directly attributable to any particular function, but are more adequately managed as Servicewide support required at varying levels during the operating year by all programs. The administrative functions included in this category are those required of all organizations to sustain the people and the general material support needs of the organization. The staff costs, as well as all other categories of expense for this budget subactivity, are detailed below.

The MMS allocation of General Administration costs to support the Federal onshore minerals program (Royalty Management) is based on a proration of total General Administration costs for the Bureau. An allocation based on authorized staff years was used to determine appropriate costs. The MMS Royalty Management FTE estimate for FY 1987 is 586. This represents 34.0 percent of direct staff ceiling (586/1,721). A further reduction in the allocation was made to assure that only 74 percent (the Federal Onshore share) was attributed to the cost of administering these programs. The amount of General Administration costs attributable to the MMS Royalty Management Program as displayed in the detailed table below is $6.094 million.

General Administration
Costs Related to Royalty Management (RMP)

(dollars in thousands)

FY 1987 Estimated Total Costs

	Executive Direction	Admin. Operations	General Services	Total	Costs Attributed To RMP
Personnel Compensation	2,633	6,940	--	9,573	2,423
Personnel Benefits	308	994	216	1,518	384
Unemployment Comp.	--	--	136	136	35
Travel	80	223	--	303	77
Transportation of Things	6	48	--	54	14
Rents, Communications, Utilities	14	123	9,563	9,700	2,455
Printing and Reproduction	13	70	158	241	62
Other Services	114	677	1,374	2,165	548
Supplies and Materials	26	214	--	240	61
Equipment	29	101	--	130	34
Insurance Claims	--	2	--	2	1
Total	3,223	9,392	11,447	24,062	6,094 = 25.3%

Bureau of Land Management

Description of Onshore Mineral Leasing Costs

The Bureau of Land Management (BLM) is responsible for the conservation, development and management of both surface and mineral resources on approximately 340 million acres of public lands located in 28 States. In addition, BLM administers mineral leasing and supervises minerals operations on 370 million acres of Federal mineral estate underlying other Federally-administered, State or private ownerships throughout the United States and supervises most mineral operations on Indian lands.

The BLM costs identified in the MMS Budget Justification are $62.4 million from the Energy and Minerals Management program and $11.9 million from the General Administration program under the Management of Lands and Resources Appropriation, for a total of $74.3 million in FY 1987.

The $62.4 million figure was derived as follows:

(in millions of dollars)

Program	FY 1987 Estimate	Indian Lands Adjustment	Amount to be Recovered
Oil & Gas	46.5	-4.2	42.3
Geothermal	2.5	0	2.5
Coal	13.7	0	13.7
Nonenergy Minerals	3.9	0	3.9
Total	66.6	-4.2	62.4

The $62.4 million represents the FY 1987 budget request for these mineral leasing programs reduced by the amount of funding anticipated to be expended managing these minerals on Indian lands. These are the Federal costs of managing programs that generate receipts which are subsequently proposed for sharing with the States on a 50-50 basis under the Mineral Leasing Act of 1920 as amended. The estimate of the excluded costs related to Indian lands is based on 1985 and 1986 experience.

A breakdown of the $62.4 million follows. It is anticipated that approximately $42 million will be used for compensation and benefits for 1,601 FTE work-years of effort in these Federal mineral leasing programs; $12 million for contractual services for such efforts as Known Geological Structure (KGS) determinations; $2 million for equipment such as ADP and office machines; $3 million for program related travel; $1 million for transportation and vehicle costs; and the remainder (2.4 million) for costs of supplies and materials, printing, etc., to conduct these programs.

The remaining $11.9 million proposed to be deducted represents that portion of the Bureau's General Administrative program attributable to the Federal onshore mineral leasing program. This amount was derived utilizing BLM's standard administrative overhead rate of 19 percent which is applied on all reimbursable accounts, cost recoverable programs, etc. This rate covers the costs of executive and managerial direction and administrative services and Bureau-wide fixed costs such as space rental, telecommunications, postal charges, etc.

The primary workloads that these funds will be utilized for are leasing (noncompetitive, simultaneous, and competitive), lease administration and adjustments of existing leases, processing of operator proposals on existing leases (applications for permits to drill, mining plans, reclamation plans, etc.), classifications and economic evaluations and inspection and enforcement. A brief summary of the type and scope of work performed in each of these programs appears below.

Oil and Gas. The Bureau currently manages 117,000 existing onshore Federal leases covering 126 million acres. Approximately 17,000 of these leases are in producing status. The primary workloads of the oil and gas program ($42.3 million and 1,188 FTE) and projected FY 1987 accomplishments are:

Workload	Accomplishments
o Leasing	Competitive - 2,000 tracts Simultaneous - 16,600 parcels Over-the-Counter - 8,660 applications
o Lease Operations	Applications for Permits to Drill APD's - 4,600 processed
o Inspection & Enforcement	Compliance Checks - 31,000
o KGS Classifications	Determinations - 1,400
o Drainage Reviews	Reviews - 4,000

Geothermal. Federal lands contain 60 percent of the known or prospective geothermal resource areas, and there are currently over 1,300 leases covering 2.2 million acres. The primary workloads of the geothermal program ($2.5 million and 55 FTE) and projected FY 1987 accomplishments are:

Workload	Accomplishments
o Leasing	Noncompetitive - 400 applications Competitive - 100 parcels
o Lease Operations	Permits - 200 processed
o Inspection & Enforcement	Compliance Checks - 700

Coal. Currently, there are approximately 618 coal leases covering 919,000 acres of which 127 are producing. The primary workloads of the coal program ($13.7 million and 280 FTE) and the projected FY 1987 accomplishments are:

Workloads	Accomplishments
o Leasing	Competitive Sales and Leasing - 8 held Preference Right Lease Applications (PRLA's) - 13 processed
o Lease Operations	Operator proposals - 3,000 processed
o Inspection & Enforcement	Compliance Checks - 5,096
o Classification & Economic Evaluation	Drill Hole Evaluations - 140

Nonenergy Minerals. The Bureau is responsible for leasing and managing Federal nonenergy minerals such as sodium (soda ash) phosphate, potassium (potash), lead and zinc. Currently, high percentages of domestic production of soda ash (37%) and potash (84%) comes from Federal leases. The primary workloads of the nonenergy minerals leasing program ($3.9 million and 78 FTE) and projected FY 1987 accomplishments are:

Workload	Accomplishments
o Leasing	Non-competitive - 140 tracts Prospecting Permits - 805 issued
o Lease Operations	Operator Proposals - 213 processed
o Inspection & Enforcement	Compliance Checks - 1,973

U.S. FOREST SERVICE

Description of Onshore Mineral Leasing Costs

Mineral leasing laws authorize the Department of the Interior to lease lands, including National Forest System lands, for production of certain "leasable" minerals including oil and gas, coal, phosphate, potassium, sodium, and sulfur. The minerals management objective of the Forest Service is to permit environmentally responsible prospecting and mining where those activities are authorized by law and are compatible with the overall forest plan. Mineral areas are managed to insure that mineral extraction results in minimal disturbance and damage to the land and that damaged lands are reclaimed.

The United States Forest Service (USFS) Minerals Area Management budget activity of the National Forest System Appropriation contains resources for Locatable Minerals, Common Variety Minerals, Geology and Leasable Minerals subactivities that total an estimated $26.0 million and 634 FTE for FY 1987.

Within this total, the request for Forest Service's Leasable Minerals Subactivity is $13.1 million and 249 FTE. These are the USFS onshore mineral leasing costs that the Administration has proposed be deducted from Federal onshore mineral leasing receipts before distribution to the U.S. Treasury and respective States.

These FY 1987 estimated costs are based on planned obligations which are heavily weighted towards the Northern, Rocky Mountain, Southwestern, Intermountain, California and Pacific Northwest Regional Offices which perform the preponderance of the mineral leasing work.

Under this leasable minerals subactivity, the USFS acts on lease applications and environmental impact statements or environmental assessments; ensures that the leases and plans comply with applicable laws and regulations; protects surface resources; processes, approves and monitors operating plans; and administers special use permits. The costs are also based upon the 13,116 leaseable mineral operating plans that are projected for FY 1987.

The following is a breakout by object class of the costs associated with the leasable minerals subactivity ($ in millions):

Salaries and benefits	7.9
Travel	.5
Transportation of things	.4
Supplies, materials and equipment	.5
Other contractural services	3.8
Total	13.1

16

The Administration's proposal does not include the recovery of any portion of the General Administration activity of the National Forest System Appropriation, primarily because the Leaseable Minerals subactivity is a relatively small portion of the USFS's total operating budget. Funding for the Regional Foresters, Forest Supervisors and other general support costs is contained in this separate line item in the budget.

Bureau of Land Management

68. Question: Would you explain, and justify, your proposal to limit range improvement appropriations to 50% of receipts from grazing fees rather than the previous approach of 50% of receipts or $10 million whichever is greater?

Answer: At a time when every effort is being made to control the Federal deficit, some difficult choices must be made, and not every program can continue to be funded to the degree that we might desire. The funds provided for range improvements primarily benefit the rangeland users and should be directly tied to the grazing fee paid by those users.

69. Question 69 is identical to question 68, therefore, it is not repeated here.

National Park Service

70. Question: The budget recommends new and or increased fees which will increase National Park Service collections by $52.5 million annually with a proposed 80/20 split--80% would go back into Park Service operation and maintenance functions and 20% would go to the general treasury. How will that 80% be distributed to the Parks? Will it be on a proportional basis, say if Yellowstone provides twenty percent of those fees, will Yellowstone receive that twenty percent back, or will these monies be distributed evenly between all parks? When can this committee expect to see some legislation?

Answer: Under the proposed legislation 80 percent--or $59 million--of the total estimated recreation fee revenues would be available for use by the National Park Service. Under our proposal, the percentage of revenue returned to collecting vs noncollecting parks would vary from year-to-year based on Servicewide priorities; however, the cost of collection will always be covered for the collecting parks. In fiscal 1987 the revenues would be used to cover the cost of fee collection activities ($11.1 million or 19 percent), to fund various Servicewide programs such as Volunteers-in-Parks, Informational Publications, and Natural and Cultural Resources Preservation Projects that benefit all areas ($33.7 million or 57 percent), and the remainder would be returned to the collecting parks to enhance park operations ($14.2 million or 24 percent).

The Legislation required to implement this proposal will be sent to the Congress in the near future.

Bureau of Land Management

71. Question: Would you please provide a breakdown of the $3.4 million for the proposed Bureau of Land Management and Forest Service Interchange proposal?

Answer: The $3.4 million requested for the proposed BLM and Forest Service Interchange proposal represents the net of projected BLM FY 1987 costs and savings. Total costs in FY 1987 are expected to be $4.8 million, which would be partially offset by $1.4 million in savings. Beginning in FY 1990, no additional costs would be incurred, and the full annual savings of about $13-15 million per year would be realized.

The projected costs for implementing the interchange in FY 1987 were compiled from individual implementation submissions prepared by BLM and FS field offices working in unison. Preliminary estimates based on the field submissions indicate that about 65 percent of the FY 1987 implementation costs would be for personnel-related actions. Approximately 15 percent would be incurred for space-related costs including building modifications, lease/rental adjustments, utilities, and others. Six percent of the costs would be related to telecommunication and automated data processing costs, and about 14 percent would cover miscellaneous and other administrative costs.

Bureau of Land Management

72. Question: How much is the proposed decrease for the coal leasing program? Has the Department made any contingency plans should Congress pass legislation dealing with Section 2(A)2(a) and Section 7 of the Federal Coal Leasing Amendments Act of 1976? Would the Department be able to reprogram money if Federal coal leasing activity increases?

Answer: The proposed funding for the coal program in FY 1987 is $13,695,000, a decrease of $5,583,000 from the FY 1987 base level. This decrease is proposed to be taken from coal leasing components of the program with no decrease planned for the coal operations segment.

The Department does not have contingency plans to deal with changes to Section 2(A)(2)(a) or to Section 7 as there are several versions of proposed legislation, and none has progressed significantly toward being enacted. An implementation strategy will be developed when a version emerges which seems likely to become law.

We do not expect significantly increased demands for Federal coal leasing activity in FY 1987. Even if a demand is realized, the funds available for the leasing portion of the program would be adequate for any projected FY 1987 workload.

Minerals Management Service

73. Question: The FY 1987 budget contains language stating that the Department expects to see an increase in onshore receipts by $81.6 million from 1986 to 1987 as a result of a projected increase of $58.4 million in coal royalties.

a. Why, given present soft market conditions for coal?

Answer: The increase in coal production for FY 1987 is estimated at about 6.7% over the estimated FY 1986 production. It is expected that movement of mining operations from State and private lands to adjacent Federal lands and increased production on other leases will account for most of the estimated production increases. The change in method for computing royalties on Federal leases will also increase receipts. The previous method of computing royalties was on a cents-per-ton basis. As Federal leases are renewed, language will be included to require royalties to be based on a percentage of sales; it is expected that production will be increased on older leases in anticipation of this adjustment in royalty rate.

b. Does this reflect an increase from 8% to 12% in certain royalty rates?

Answer: More than $41 million of the $58 million increase is attributable to further conversions of leases from royalty based upon cents-per-ton to royalty based on percentage of sales (8% of the value of coal for underground mining and 12.5% of the value of coal for surface mining). The remaining $17 million coal royalty increase is attributable to 6.7% increase in production and a small increase in the average price from $13.77 per ton to $14.39 per ton.

Bureau of Reclamation

74. Question: What is the Administration's rationale for requiring cost-sharing by local project sponsors on Army Corps of Engineers projects and not requiring comparable financial support on Bureau of Reclamation Projects?

Answer: Historically, Reclamation projects have generally received greater cost sharing than Army Corps projects. This is because the Army Corps specializes, to a great degree, in projects principally designed for flood control and navigation for the most part. Generally, these functions have traditionally been paid for by the Federal Government. Reclamation, on the other hand, specializes in projects designed more for irrigation, water supply, and hydropower, which have been paid for, in whole or part, by project beneficiaries. The Administration is therefore currently attempting to increase the level of cost sharing on those functions not previously cost shared. This Administration's cost-sharing policy for the Bureau of Reclamation has been articulated by the President in his January 24, 1984, letter to Senator Paul Laxalt. Key parts of President Reagan's policy are:

"We all agree on the goals. These goals are to revitalize the magnificent water development program launched early in our Nation's history.... The water project financing and cost-sharing policy of this Administration is:

- All Federal water development agencies will continue to seek out new partnership arrangements with the States and other non-Federal interests the financing and cost sharing of all proposed projects. Each such agency will negotiate reasonable financing arrangements for every project within its respective area of responsibility.
- Consistency in cost sharing for individual project purposes, with attendant equity, will be sought.
- Project beneficiaries, not necessarily governmental entities, should ultimately bear a substantial part of the cost of all project development." (Emphasis supplied)

There are three overriding themes in the above quotes from the President's letter. First, the main objective is to revitalize water development, not kill it. Second, local cost sharing and financing must be increased. Third, the approach to cost sharing must be flexible through "...reasonable financing arrangements..." and "...with attendent equity...."

The practical result of this policy is that other than the flexibility in how project costs are repaid, the amount repaid or cost shared on a function by function basis would be about the same for the Corps and the Bureau. There would be some slight differences in each function and especially recreation and irrigation if the provisions of S. 1567, which embody the Administration/Senate leadership compromise regarding cost sharing on Corps of Engineers projects were enacted. These would be due to different interest rate calculations (for power, M&I, and recreation, the present - and Bureau - rate is 1/8 percent higher than the proposed rate), and the length of repayment period (reduced from 50 to 30 years). For recreation, the user would pay for 50 percent of joint cost in addition to 50 percent of the separable costs they are now paying.

National Park Service

75. Question: The National Park Service again proposes to raise existing fees and impose new entrance fees.

a. What will be the average entrance fee at our national parks?

b. How will the fees be collected--by the existing park personnel or by new employees?

a. Answer: An average entrance fee computation is probably not meaningful and would be very difficult to compute, in that use of Golden Eagle, Golden Age and estimated number of visitors at each area would have to be factored into the average. However, there follows a breakdown of charges at the 198 areas where fees would be collected:

Fees	Areas	Percentage of Fee Parks
$10/vehicle $.5/Person	11	6
$5/vehicle $2.50/Person	40	20
$3/vehcle $1.50/Person	147	74

b. For the most part, increased fees will be collected by personnel currently on board. In parks where new entrance fees are established it may be necessary to hire a limited number of new seasonal employees to staff entrance stations and other collection points. In addition, our proposal would authorize the use of volunteers to collect fees.

National Park Service

76. Question: The Land and Water Conservation Fund functions through funds collected at our national parks. The proposal for new entrance fees and existing fees requires that these funds be used for operation and maintenance expenses at the parks and for general deficit reduction--no funds would be transferred in the Land and Water Conservation Fund.

a. What is the current backlog, in acreage and estimated price, of lands identified for purchase by the National Park Service?

b. What alternative is the Park Service considering to fee acquisition of these properties as DOI proposes that only emergency and hardship lands will be purchased by the Land and Water Conservation Fund in FY 1987?

Answer: The attached list shows the backlog of lands acreage authorized for purchase for each unit of the National Park System. The Service intends to pursue all available alternatives to full fee acquisition, including land exchanges, acquisition of easements, and donations, to protect key tracts consistent with the Land Protection Plan for each area. b.

National Park Service
Land and Water Conservation Fund
Backlog After F.Y. 1986
(Excludes Alaskan Parks and Redwood NP)

Area	Tracts	Acres	Amount
Inholdings	2,126	30,493	140,525,336 1/
Agate Fossil Beds NM	1	293	63,134
Antietam NB	29	1,097	4,875,000 2/
Appalachian NST	243	16,107	15,597,224
Bent's Old Fort NHS	2	39	512,607
Big Bend NP	1	33,000	1,500,000
Big Cypress NPres	65	2,000	Unknown 3/
Bighorn Canyon NRA	76	2,067	Unknown 3/
Big Thicket NPres	68	2,555	Unknown 3/
Biscayne NP	14	516	3,400,000
Black Canyon of the Gunnison NM	4	2,893	1,226,000 2/
Chaco Culture NHP	5	1,912	9,520,000
Channel Islands NP	1	5,694	Unknown 3/
Chattahoochee River NRA	100	1,330	6,500,000
Coronado NMem	3	51	472,113
Cumberland Island NP	3	1,540	3,215,000
Cuyahoga Valley NRA	533	8,031	Unknown 3/
Delaware Water Gap NRA	139	2,830	16,313,064 2/
Ebey's Landing NHPres	29	1,276	79,000
Fire Island NS	Unk	Unk	2,980,788
Fort Frederica NM	5	5	Unknown 3/
Fort Laramie NHS	2	62	362,000 2/
Fort Smith NHS	16	39	535,000
Golden Gate NRA	107	6,788	7,191,150
Golden Spike NHS	16	532	298,000
Grand-Kohrs Ranch NHS	4	841	724,236
Great Sand Dunes NM (Expansion Area)	1	1,833	265,000
Gulf Islands NS	15	1,069	300,000
Haleakala NP	36	1,035	813,835
Harpers Ferry NHP	8	19	300,000 4/
Hohokam Pima NM	107	1,690	75,204 4/
Homestead NM of America	3	12	Unknown 3/
Jean Lafitte NHP&Pres	13	1,814	31,220,570
Jefferson N. Expansion Mem NHS	7	100	1,000,000 4/
John Day Fossil Beds NM	9	2,323	3,054,003
Kalaupapa NHP	6	150	2,500,000 4/
Kaloko-Honokohau NHP	3	616	24,595,708
Klondike Gold Rush NHP	46	269	741,000

Lake Mead NRA	118	4,879	1,019,000
Lower St. Croix NSR	4	120	250,000
Lyndon B. Johnson NHP	22	1,242	1,400,000
Manassas NBP	32	360	2,760,000
Martin Luther King, Jr., NHS	52	6	2,495,000
Minute Man NHP	19	29	464,500 4/
Monocacy NB	4	171	685,617
Mound City Group NM	2	150	1,000,000
New River Gorge NR	385	45,857	11,507,982
Ozark NSR	19	1,065	55,018
Palo Alto Battlefield NHS	1	50	87,000 4/
Pictured Rocks NL	28	1,132	731,772
Point Reyes NS	77	847	683,018
Rio Grande WSR	Unk	Unk	1,650,000 4/
Rocky Mountain NP	22	357	2,754,715 2/
St. Croix NSR	236	10,640	4,108,404
Salinas NM	1	26	53,000
San Antonio Missions NHP	11	4	5,663,455
Santa Monica Mtns. NRA	1,073	48,804	51,491,768
Santa Monica Mtns. NRA	- State Grant -	-	25,770,000
Saratoga NHP	2	8	204,000
Sequoia NP (Mineral King)	8	556	4,614,589 2/
Sleeping Bear Dunes NL	40	1,450	6,468,732
Tuzigoot NM	4	752	1,330,000
Upper Delaware S&RR	4	75,527	Unknown 4/
Valley Forge NHP	9	112	3,608,435
Virgin Islands NP	244	1,559	6,292,000 2/
Voyageurs NP	72	1,913	4,208,204
War in the Pacific NHP	49	239	14,224,000
Wind Cave NP	1	228	221,300
Total	6,385	331,004	$ 436,596,481

Footnotes:

1/ Based on estimate dated 09/30/84.

2/ No statutory ceiling; amount shown based on estimate at time of authorization.

3/ Requires increase in statutory ceiling authorization, or appropriation under P.L. 95-42 authority.

4/ No Land Protection Plan.

Fish and Wildlife Service

77 Question a. What is the backlog of lands to be purchased by the Fish and Wildlife Service's Migratory Bird Conservation Fund?

Answer: A ten year Wildlife Habitat Acquisition Plan was approved by the Service Director in January 1985. The plan outlines the acquisition requirements for nine species of waterfowl identified as National Resource Species. The estimated needs for habitat protection totals 2,678,500 acres excluding inholdings.

Q. b. What is the status of the Fish and Wildlife Service purchasing additional properties for the Cape Charles National Wildlife Refuge as P.L. 99-190 provided $2.64 million in FY 1986.

Answer: The entire appropriation of $2,511,000 (after Gramm-Rudman-Hollings) was obligated January 31, 1986, by the acceptance of a purchase agreement on 375 acres. This is the Bay Bridge Tunnel Authority tract held by The Nature Conservancy. The purchase should soon be completed.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

78. Question: Administration and enforcement grants to the States are up dramatically in Fiscal Year 1987, $7.4 million to be exact. OSMRE, in their budget justifications, concludes the increase is needed to carry out the intent of the Act with adequate support. In detail, what is the adequate support referred to in the budget justifications?

Answer: OSMRE wants to provide the level of support that would be necessary for a State to maintain its responsibility for primacy by operating a successful regulatory program.

Q. a. Are any of these funds allocated toward salary increases?

Answer: Yes, in some States salary levels may be increased, as determined necessary and allowable by States. Grant funding is, of course, carried out on a matching basis.

Q. b. What are the fixed costs, goods and services mentioned in your budget explanation for a portion of the $7.4 increases?

Answer: Fixed costs are described as goods or services that are consumed or used during a finite time period (i.e. fiscal year). OSMRE's reference to fixed costs for States included rent for office space; lease or acquisition of vehicles and office equipment (copiers, mainframes); and telephone service.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

79. Question: Will any of the $7.4 million be expended to implement any portion of the OSMRE Management Action Plan which is not in final form yet?

Answer: No. The FY 1987 budget proposal was formulated prior to the initiation of the Management Action Plan (MAP) discussions and development. Funding for activities resulting from the MAP would not be requested until the MAP is formally implemented.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

80. Question: Why is OSMRE increasing FTE's (full-time employees) in the primacy States when the Administration is facing such a stringent budget curtailment under Gramm-Rudman?

Answer: To encourage and ensure State primacy under SMCRA is OSMRE's highest priority. In order for States to maintain primacy, salient activities must be adequately staffed in order to successfully implement the programs. States should understand that OSMRE will support additional staff increases if the States determine that these increases are necessary to improve program activity or to maintain primacy responsibilities.

Q. a. If Gramm-Rudmann is implemented according to statute, will there be reduction enforced in these areas where increases in FTE's are to be implemented?

Answer: If Congress and the President agree to a total government budget, there will be no effect or the OSMRE request for State grant funding. However, if a stalemate between Congress and the President occurs, there may be additional reductions in many programs, including the State regulatory grants. If a percentage reduction was made to each State grant based on the final Gramm-Rudman base figures, each State would then decide how the reduction can be accommodated in each program area covered by the grant.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

81. Question: What is Kentucky's justification for 50 new FTE's in their State OSMRE program. In detail, what responsibilities will these new personnel have?

Answer: The figure for Kentucky reflect their preliminary proposal. The majority of these positions would be for inspection and enforcement personnel.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

82. Question: Could you explain to the Committee how additional funds will be awarded to the States to participate in the Nationwide applicant-violator system that has not yet been implemented? Exactly what is the Nationwide applicant/violator system?

Answer: The Applicant Violator System (AVS) is a computer based system designed to implement Section 510(c) of SMCRA, whereby those with outstanding violations or unpaid civil penalties are denied new mining permits until they abate the violations and pay the penalties. The AVS data base will be derived from both State and Federal sources, and is expected to be operational by February 1, 1987.

The OSMRE budget request for Fiscal Year 1987 contains $2.0 million for the expansion of the Applicant Violator System (AVS). Of this amount, $1.3 million is in the base, $700,000 shown as a proposed increase.

These funds will be used for contracts to accomplish two things: (1) $800,000 will be used to operate and maintain the system now under development for the last 5 months of Fiscal Year 1987 once the system becomes fully operational; and (2) $1.2 million will be spent on a contract to undertake phase II of the AVS which will include expansion of the system data base.

States will receive assistance to participate in the AVS. OSMRE will directly supply States with the software and technical assistance needed for participation. As the AVS becomes functional for each State, that State also will maintain operations related to AVS participation.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

83. Question: In West Virginia and Kentucky, the OSMRE has proposed an increase of 50 FTE's in each of these two States to further their State programs. Why are there not such increases proposed for the Commonwealth of Virginia which borders these two States and shares similar OSMRE dilemmas? Is Virginia's program operating that efficiently? How will these increases affect Virginia?

Answer: Virginia's staffing level for inspection and permitting is adequate for their annual workload. In general, the State's program is operating adequately. Specific comments on program components will be included in OSMRE's Fiscal Year 1986 evaluation report. Based on the annual report findings, the State may request additional funds to augment its program level.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

84. Question: Will any of these new personnel be used to implement or carry out any action of the MAP? Is OSMRE increasing FTE's in primacy States to put in place an infrastructure for the MAP, when in fact the MAP is still in a preliminary drafting and comments period?

Answer: Given that the MAP is not being implemented at this time, new personnel can only be considered by conjecture. While it is premature to decide staffing requirements, there are few, if any, initiatives described in the MAP which would require substantial new personnel resources. The basic infrastructure of the OSMRE organization is now in place. Most anticipated personnel actions involve decentralizing certain administrative functions and a potential redistribution of current resources that is designed to address important programmatic issues. As OSMRE moves closer to MAP implementation, State and Federal needs will be assessed and additional personnel may be proposed by OSMRE or by a State. Any need to supplement OSMRE personnel levels will be desrcibed to the appropriate Committees prior to implementation.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

85. Question: OSMRE is awarding Program Development Grants to assist the States of Massachusetts, Michigan, Oregon, Rhode Island, and Washington, that are developing or considering permanent regulatory programs. How much funding is to be awarded to these States under this program?

Answer: No funding has been requested for these States in the Fiscal Year 1987 budget, since primacy is still years away.

Q. a. How much coal is mined from each of the five States?

Answer: In Fiscal Year 1987 the following tonnage figures can be expected from these States:

MA - 0
MI - 0
OR - 0
RI - 0
WA - 4.5 millon tons

Q. b. Aside from these 5 States, last year OSMRE proposed implementation of Federal progams in Idaho, Georgia, North Carolina, and South Dakota. Why are these States not in the Fiscal Year 1987 budget for Program Development Grants?

Answer: In order to be eligible for Program Development grants, the State must be in the process of attaining full primacy. None of these States has expressed interest in attaining primacy.

Q. c. What is the status of Idaho, Georgia, North Carolina and South Dakota's Federal OSMRE programs?

Answer: Federal regulatory programs continue to be administered in all these Staets, except Idaho. Due to their low coal production, however, the aggregate workload remains small.

Q. d. If OSMRE has eliminated these four States from attaining Federal programs, please inform the Committee why this decision was made, and what criterion was used in the deliberating?

Answer: If these States wich to have their own regulatory program, they may seek primacy. However, due to the low coal production, they are not currently interested in implementing their own programs. OSMRE does manage a regulatory program in each of these States.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

86. Question: On page 43 of OSMRE's Fiscal Year 1987 Budget, you state that OSMRE has the authority to conduct a Federal inspection of a site if citizen complaints indicate that the State has failed to take appropriate action. What indications constitute a reason for Federal inspectors to usurp the State authority to resolve a citizen's complaint?

Answer: In recognition that States with approved programs have exclusive jurisdiction to regulate surface coal mining and reclamation operations, the Office of Surface Mining Reclamation and Enforcement (OSMRE) refers all citizen complaints to the State regulatory authority. However, the Federal regulations at 30 CFR 843.12 provide for limited circumstances where a Federal inspection in response to a ctizen complaint is required. Essentially the circumstances are where a person requests a Federal inspection in writing, the State has been notified of the matter, but within 10 days after notification the State has not taken appropriate action to correct the violation or has not provided a valid reason for its inaction.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

87. Question: Could you please inform me of the status of the 1985 settlement agreement which was designed to resolve the 2-acre exemption problem in Virginia?

Answer: The parties in the two-acre litigation Save Our Cumberland Mountains, Inc. v. Hodel entered into a comprehensive settlement agreement which requires the Office of Surface Mining Reclamation and Enforcement to:

(1) Develop an accurate inventory of all mining sites in Kentucky and Virginia which have in the past claimed, or do presently claim to be exempt from the standards of the Surface Mining Act under the Act's two-acre exemption at any time since May 3, 1978.

(2) Inspect a minimum of 120 sites every six months in Virginia, and conduct intensive oversight inspection of all inventory sites in Kentucky within two years from the date of the agreement.

(3) Inspect sixty sites every six months in States other than Kentucky and Virginia.

(4) Construct the inventory in a manner to provide plaintiffs, on a per site basis, with permittee and operator names, mine name, permit number, MSHA number, site location, last inspection date, type of enforcement action taken and by whom, reclamation status, AML fee status, and civil penalty status. This information is to be updated and provided to plaintiffs on a quarterly basis beginning December 6, 1985.

(5) Provide plaintiffs with inspection reports and photographs of each site inspected, per quarter.

To fully implement the agreement, OSMRE created a two-acre task force consisting of inspectors, technical personnel, and solicitors. OSMRE completed compilation of the inventories, with the required data, on October 6, 1985. The first quarterly report was filed with the Court on schedule on December 6, 1985.

The Kentucky inventory contains 2,045 two-acre permanent program sites. Plaintiffs and OSMRE are discussing the addition of approximately 1000 additional interim program sites. If these sites meet the criteria for inclusion in the inventory, OSMRE's oversight responsibility will increase substantially.

87. Answer: (continued)

In Kentucky, the State under a grant condition, has already inspected approximately 2000 sites. As a result of the inspections, Kentucky has issued 778 notices of non-compliance, 394 cessation orders to permittees for violation of the two-acre exemption, released 282 bonds, and forfeited 24 bonds. OSMRE has conducted oversight inspections of 213 of the sites. OSMRE has issued 56 ten-day notices to Kentucky, 16 cessation orders to permittees, and referred 11 cases for Federal court action. 679 referrals have been made to OSMRE's Fee Compliance Branch for collection of AML fees.

The Virginia inventory contains 1518 sites. This number represents 1818 companies operating on 1518 distinct sites. Ninety percent of the Virginia sites are underground mines where surface disturbance is believed to be in excess of two acres. To date, OSMRE has inspection 134 sites. The inspections have resulted in the issuance of 16 notices of violation, 5 cessation orders, and 26 ten-day notices to Virginia. 62 referrals have been made for collection of AML fees.

The Tennessee inventory consists of 112 sites. A complete inspection has been made by OSMRE of the Tennessee inventory sites. OSMRE believes that approximately 70 of the 112 sites are eligible for removal from the inventory for the following reasons: duplicate sites, non-existent or non-mining sites, and less then two-acre sites. The parties are presently engaged in reviewing these sites for removal determinations. The inspections have resulted in the issuance of two notices of violation and two cessation orders.

As a result of the AML referrals from Kentucky and Virginia, 125 cases are being resolved through payment, issuance of notices of violation, or hearings. Six Virginia cases have been referred to the Solicitor for Federal court action, and 21 Virginia cases are under investigation. OSMRE's Fee Compliance Branch has issued 422 OSM-1 forms to Kentucky operators informing them of their liability for AML fees on coal production, and has sent 74 final demand letters to date.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

88. Question: What is the current status of OSMRE's ongoing attempt to allow Indian Tribes to regulate mining activities on their own lands?

Answer: In February 1984, the Secretary of the Interior submitted a report to the U. S. Congress in accordance with Section 710 of the Surface Mining Control and Reclamation Act of 1977 (SMCRA) which included proposed legislation designed to allow Indian tribes to elect to assume regulatory authority for surface coal mining on Indian lands. The report contained six legislative options for Congressinal consideration which were prepared as a series of amendments to SMCRA. Senator Melcher (Montana) subsequently introduced a bill (S. 2879) in the 98th Congress on which hearings were held but no further action taken. His bill would have allowed Indian tribes to become regulatory authorities on lands within their jurisdiction comparable to those now available to States under SMCRA.

The legislation has not been reintroduced to date in the 99th Congress.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

89. Question: OSMRE is asking for a $2.7 million increase in Technical Services, Training and Research. Please detail for the Committee exactly why this increase is being requested?

Answer: The additional funding will be used for training State and Federal personnel that implement the Act. Administration of the surface mining regulatory program requires knowledge in a variety of areas. Consequently, OSMRE will work with the States, industry, environmental organizations, and other interested parties to develop training cirricula that meet the needs of State and Federal personnel. Training will improve the ability of personnel to carry out approved regulatory programs, and will enable OSMRE to improve its assistance to States as well as its evaluation capabilities.

Among the key personnel to be trained are Federal and State inspectors and managers. The ability of an inspector to ascertain whether violations of the regulatory program exist is critical to controlling the surface impacts of coal mining. In addition, in order to effectively manage a regulatory program, key line officials must possess a broad knowledge of the regulatory program, its policies, procedures, and priorities. Therefore, OSMRE will also offer training to its Field Office Directors and the management of the State regulatory authority.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

90. Question: Is OSMRE requesting increased funding for judicial and administrative proceedings, based on the increased workload because of additional enforcement activity?

Answer: No, OSMRE is not requesting additional funding for judicial and administrative proceedings. The increased workload can be handled with existing resources.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

91. Question: There has been a $700,000 increase in collections for Fiscal Year 1987. How will this increase be utilized? Could the system possibly be used to devise buyer-blocking data?

Answer: As explained in the response to Question 82, the increase is for the AVS. Specifically, the increase will be used to operate and maintain the system after it becomes fully operational, and to undertake expansion of the system's data base to include State cited violations. OSMRE does not intend to use this data for buyer-blocking purposes.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

92. Question: What funds are expended by OSMRE to implement Federal programs in States that have no coal, but are obligated by law to comply with SMCRA?

Answer: SMCRA requires the Secretary to promulgate a Federal program in States for which "there are or may be conducted surface coal mining operations" (Section 503). There have been 8 Federal programs implemented in States with coal reserves but without active mining. Coal exploration activities have occured in some of those States. Approximately $20,000 in staff time is spent in implementing a Federal program in these States.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

93. Question: On page OSM-14 of the Fiscal Year 1987 Office of Surface Mining Reclamation and Enforcement Budget Request, there is a request to delete language that I offered last year to prevent OSMRE from charging applicants for costs incurred by the Department for processing applications for permits to conduct surface coal mining and reclamation operations; for permits to conduct coal exploration; for processing mining plans; or for the review of surface coal mining and reclamation permits. The rationale for this request is that OSMRE would not attempt to finalize or implement such a proposal until it had completed extensive analysis of the impact of such a proposal and notified the authorizing and appropriating committees.

- It is my view that the language should remain until the Department has completed its analysis and notified the appropriate Committees as to the potential impact of such a proposal.
- Would you agree? If not, why not?

Answer: The language should not remain for the reasons stated in the budget request. The Administration has consistently maintained that no rule would be promulgated that imposed undue burdens and that a full analysis of the impacts of the rule would be made prior to taking any final action. The authorizing and appropriation committees will be kept informed about activities in this area.

Bureau of Land Management

94. Question: Is there adequate funding to follow up rehabilitation of areas hit by range fires; is there adequate funding to fight range fires?

Answer: Section 102 of the General Provisions of the FY 1986 Appropriations Act provides that the Secretary may authorize the transfer of any no-year appropriated funds for the suppression or emergency prevention of forest or range fires on or threatening lands under the Department's jurisdiction, and for emergency rehabilitation of burned-over lands. The same language is proposed for FY 1987. However, funds that are transferred pursuant to Section 102 must be replenished by requesting a supplemental appropriation. Section 102 provides that appropriations made in this title for fire suppression and rehabilitation purposes shall be available for payment of obligations incurred during the preceding fiscal year. Therefore, amounts transferred from other accounts to pay for FY 1986 costs could be repaid through an FY 1987 supplemental appropriation.

Q. a. What funding is being provided for management of wild horses and burros; are there any changes anticipated in the administration of this program?

Answer: The President's Budget proposed a funding level of $15,200,000 for FY 1987. The major change in the administration of the program in 1987 will be the increased emphasis on adoption in an effort to reduce the number of animals being held in long-term maintenance.

Q. b. Are any appropriations being requested for the Santini-Burton land exchange program around Lake Tahoe and Las Vegas?

Answer: Bureau of Land Management activities related to land sales under Public Law 96-586 are funded as part of the base program in its Lands and Realty Management budget activity, "Lower 48 Lands" program element. No separate estimate is made for the costs of this portion of the lands program.

Fish and Wildlife Service

95. Question: Is any funding being provided to address the issue of selenium in the Stillwater National Wildlife Refuge near Fallon, NV?

Answer: The Fish and Wildlife Service (Service) is providing funds for ongoing monitoring and sampling at the Stillwater National Wildlife Refuge (NWR). In addition, the Department of the Interior (DOI), through the DOI Task Group on Irrigation Drainage, has identified the Stillwater Wildlife Management Area, of which Stillwater NWR is a part, as one of the 19 areas it will investigate further for possible irrigation drainage-related water quality problems. An inter-bureau team is preparing a preliminary study plan to determine what needs to be done at the site and to estimate the resources that will be needed to do it. The inter-bureau team consists of representatives of the Service, USGS, and the Bureau of Reclamation. Also involved are representatives of the State, Truckee-Carson Irrigation District, and the Fallon Paiute-Shoshone Tribes.

Q. a. Are any funds being requested for scientific studies for endangered fish species in Pyramid Lake?

Answer: The FY 1987 budget includes $55,000 to continue recovery actions for the endangered cui-ui at Pyramid Lake and the Truckee River. These actions consist of artificial propagation and release, monitoring of spawning populations, evaluation/resolution of upstream passage problems in the Pyramid Lake fishway system, and establishment of spawning runs in the Truckee River. Additional resources may be made available for the Pyramid Lake program depending on the results of work on the Truckee River to define habitat requirements and manipulation techniques, which is scheduled for completion this year.

Q. b. Will the Animal Damage Control program have been transferred completely to USDA by FY 87?

Answer: Yes, it is anticipated that the entire Animal Damage Control program will be transferred to USDA by FY 87.

96. Q. There is some interest in a proposed Great Basin National Park in Nevada. Will your office be willing to work with us as this matter unfolds ?

A. We will work with the Congressional delegation from the State of Nevada, State and local governments, Congressional Committees, and other interested parties on any plans to authorize and develop a Great Basin National Park.

Bureau of Land Management

97. Question: Is ample money being provided to study mineral potential of the BLM wilderness study areas?

Answer: Budgeting for the mineral studies associated with BLM wilderness study areas is a responsibility of the Geological Survey and Bureau of Mines. The BLM requirements for mineral studies needed to meet wilderness study schedules are coordinated with USGS and Bureau of Mines each year. The FY 1987 funding requested by the Bureau of Mines and Geological Survey is sufficient, along with FY 1988 and FY 1989 funding, to permit BLM to meet the mandated review schedule.

Bureau of Land Management

98. Question: What is the Department's position on withdrawal of public lands for military purposes?

Answer: The Department is fully supportive of the withdrawal of public lands for military purposes when it is in the national interest and will expedite the processing of applications for such withdrawals under existing withdrawal procedures.

Bureau of Land Management

99. Question: Given the delays in getting military land withdrawals that we're seeing, what kind of cooperation can we foresee from the Department to maintain historical military uses where withdrawals have expired or military uses predate FLPMA?

Answer: Lands covered by military withdrawals which have expired will retain their segregative effect unless specific opening action is taken by the Department to remove it. The Department has not taken such actions on expired withdrawals when there are applications in process for the same lands.

QUESTIONS SUBMITTED BY SENATOR DANIEL J. EVANS

Plans for Deficit Reduction

100. Question: The FY 1987 Department of the Interior budget totals $6.2 billion in budget authority, a decrease of $184.3 million from the current FY 1986 estimate. Included in the FY 1987 budget request are several items which require passage of authorizing legislation or passage of a request for rescission. For example, the budget request assumes passage of:

a. National Park Service entrance fee legislation, which would raise approximately $59 million, of which $47.2 million would be available for National Park operations;

b. authorizing legislation to share net receipts from onshore mineral leasing and Oregon & California grant lands; and

c. rescissions totalling $116.1 million.

Assuming any of these legislative initiatives are unsuccessful, what plans does the Department of Interior have to achieve deficit reduction levels for FY 1987?

Answer: The budget request we have before the Committee includes a series of assumptions about policies and priorities that we strongly believe the Congress should adopt. This is a realistic budget request, one that does not differ significantly from the policies in our previous requests. It does assume, as budgets have done in the past, that Congress will take legislative action in a relatively small number of areas. Should Congress not enact our legislative proposals or others of its own to reduce Federal deficits, we will be in a position at the time of the appropriations committee mark-up to recommend other changes. In any event, we would seek to maintain funding in areas that finance bureau operations and maintain services to the public before we would seek to fund areas that can be deferred without substantial harm.

BLM Legislative Initiatives

Bureau of Land Management

101. Question: The Department of Interior Budget request assumes passage of legislation to change sharing of Oregon and California grant lands from gross receipts to net receipts. The Budget request also assumes adoption of legislation to effectuate the so-called Forest Service-BLM land interchange.

The Administration proposed both changes in its Budget request for FY 1986. Please compare and contrast the proposals in the FY 1987 budget request with those of the previous year.

Under the current BLM-Forest Service interchange proposal, what are the projected savings in the out-years? What would be the total cost of the interchange, assuming it is implemented as proposed?

Answer: An earlier version of the BLM-Forest Service interchange proposal was included in the FY 1986 President's Budget in anticipation of submission of proposed legislation to Congress. Over the past year, BLM has analyzed and refined the original interchange proposal as a result of input received from the public, other Federal, State and local agencies and consultations with Congress. Major changes between the earlier interchange proposal presented in the FY 1986 President's Budget and the current proposal include:

- Retaining management responsibilities for the Oregon and California Grant Lands in BLM;
- Maintaining the present Forest Service management responsibilities for the Big Horn National Forest in Wyoming and retaining the Toiyabe and Humbolt National Forests in Nevada; and
- Modifying some additional boundaries in Idaho and California.

Proposed legislation for the interchange was submitted to Congress in February 1986.

The FY 1986 budget had included only some costs for implementation and no projections for offsetting savings. Based on the refinement of the proposal, the FY 1987 budget considers more specifics in terms of the overall implementation costs and the net benefits (savings) that will result from the interchange proposal as submitted to Congress.

The projected savings to result from the interchange after full implementation are estimated to be from $13 to $15 million per year. Under the Administration proposal, these savings should start to be realized in the third year of implementation. The total cost of implementation is estimated to be about $24 million including the costs to both the Forest Service and the Bureau of Land Management. The BLM 1987 budget includes a separately requested amount of $3.4 million to cover the net costs of implementation over savings to occur in the first year of implementation.

The proposal for the sharing of Oregon and California Grant Land receipts on a net basis is the same proposal as was in the FY 1986 President's Budget, except that in FY 1986 the proposal was contained in the Forest Service section of the Budget, and for FY 1987 it appears in the BLM budget.

Bureau of Land Management

102. Question: The Department of Interior budget request anticipates a $27.6 million increase in timber receipts from BLM lands over the amount to be received in Fiscal Year 1986. The budget request states that "the increased receipt estimates for FY 1986 and 1987 largely reflect the anticipated harvest of high-bid timber sales purchased before January 1, 1982, with expiration dates extended by Executive Order through 1989. These are sales that were not bought out under provisions of the 'Federal Timber Contract Payment Modification Act' (P.L. 98-478)."

The Timber Contract Payment Modification Act allowed for the return of sales made by the U.S. Forest Service as well as the BLM. In fact, the U.S. Forest Service sold a much greater number of "high-bid timber sales" prior to January 1, 1982 than did the BLM. Yet the Forest Service Budget Request shows a decrease in receipts in FY 1987 from the previous Fiscal Year. How do you account for this discrepancy?

Answer: Timber sale receipt estimating involves consideration of a variety of interacting and complex factors including market conditions, results of appeals and litigation, extension policies, and effects of P.L. 98-478. It is quite possible that the assumptions used by BLM and the Forest Service to make these projections varied considerably. The BLM estimates assumed that:

- Market conditions, housing starts and the import situation would remain stable or improve slightly;
- Timber sale harvest would not be restricted by litigation;
- New timber volume would be sold and harvested on an equal basis, i.e., there would be no increase in backlog of sold but unharvested timber; and
- At least half of the sales extended by Executive Order through 1989 would be harvested on schedule.

National Park Service

103. Question: The FY 1987 budget request assumes rescissions of approximately $84 million in spending from the Land and Water Conservation Fund. Yet these funds are dedicated for land acquisitions pursuant to the Land and Water Conservation Fund Act of 1965.

What plans does the Administration have for these funds? Do you plan to carry over proposed savings for future years, or will you propose changes in the 1965 law to allow for spending from the Land and Water Conservation Fund for other purposes.

Answer: Given the pressing need to limit Federal outlays, the Department is proposing to limit the use of the Land and Water Conservation Fund for Federal land acquisition in fiscal 1987 and proposed fiscal 1986 rescissions for both State recreation grants and Federal Land Acquisition. Unappropriated balances in the Fund will carry over to future years. The Administration is not proposing to change the authorized uses for the Fund.

National Park Service

104. Question: The fiscal year 1987 budget anticipates additional funding needs resulting from increased visitation at Ellis Island, New York and Independence National Historical Park, Pennsylvania.

Visitation is also expected to increase dramatically at National Parks in the Pacific Northwest as a result of the 1986 World's Fair in Vancouver, British Columbia. Does the Department of the Interior anticipate additional funding needs for National Parks in the Pacific Northwest as a result of the Vancouver World's Fair?

Answer: The National Park Service does anticipate a one-time increase in visitation in 1986 to parks in the Pacific Northwest as a result of the Vancouver World's Fair. The Service believes that sufficient staff and funding resources are in place to handle the projected level of visitors.

Fish and Wildlife Service

105. Question: The FY 1986 Continuing Resolution appropriated $1.7 million for the U.S. Fish and Wildlife Service to commence construction of a fish hatchery at Nisqually, Washington. The amount available for construction of this facility after the FY 1986 sequestration order goes into effect will be $1,617,000. What plans does the Department of Interior have to complete construction of this facility?

Answer: The $1.6 million appropriated in FY 1986 will provide for construction of the access road, installation of utility services (electrical power and telephone) to the site, and site preparation work. A 1981 feasibility study originally estimated the total construction cost at approximately $5.0 million in 1981 dollars. Projecting this estimate to 1987 using the ENR Construction Cost Index indicates that approximately $7.4 million would be required for construction of the hatchery as envisioned in the feasibility report. This project will be considered along with all others in formulation of future-year budget requests. Whether funding is ultimately requested will depend on relative priorities and the budgetary situation at the time future budget requests are finalized.

Fish and Wildlife Service

106. Question: Please inform me of the amount of your request for funding for the U.S. Fish and Wildlife Service and the Bureau of Indian Affairs for the Pacific Salmon Treaty Commission.

Answer: The operations of the Pacific Salmon Treaty Commission itself are funded by the Department of State. However, the Department of Interior does conduct activities in support of implementation of provisions of the Treaty.

The FY 1987 request for the Fish and Wildlife Service includes $398,000 within base funds for activities associated with the Pacific Salmon Treaty. This includes approximately $254,000 for activities in support of the established Southern, Fraser River, and Northern panels and $144,000 to continue assessments and studies by the Service in support of continuing negotiations with Canada regarding allocation of Yukon River salmon stocks.

The Bureau of Indian Affairs budgeted $1 million in FY 1987 to carry out provisions of the U.S./Canada Pacific Salmon Treaty. Funding will be divided between the Columbia River Inter-Tribal Fish Commission and the Northwest Indian Fish Commission for this purpose.

Bureau of Reclamation

107. Question: A major initiative of the President's FY 1987 Budget request is a proposal to sell the Federal Columbia River Power System. The FCRPS includes multi-purpose projects operated and maintained by the Bureau of Reclamation What complications do you foresee for management of multi-purpose facilities if responsibility for management of the power component of these facilities is transferred to a non-Federal entity? To what extent do you anticipate committing resources of the Department of the Interior to further study of this proposal?

Answer: Management of multi-purpose facilities encompasses several areas which require extensive operational coordination.

- First call for projects operated by Reclamation is for all authorized activities for which power must be utilized of which irrigation is usually the largest consumer.
- Irrigation repayment assistance from power revenues as provided under P.L. 89-448, section could be jeopardized on existing projects and projects under construction. This could reduce revenues to the Treasury.
- If a non-Federal entity assumed total control of a project without FERC jurisdiction, development of future projects could impair ongoing power, irrigation, or municipal and industrial water uses.
- Water releases between States and between the U.S. and Canada must be coordinated. A non-Federal entity is not able to enter into international treaties for Federal resources, such as water for fish and wildlife.

At the present time the Department of the Interior does not anticipate committing any additional resources to further study of this proposal.

106. Question: The Hoover Powerplant Act of 1984 authorized the construction of fish passage facilities at irrigation dams on the Yakima River, Washington. The President's Budget requests $12 million for continued construction of these facilities. Will this level of funding allow for completion of the facilities during FY 1988, as originally contemplated by the sponsors of the Hoover Powerplant Act provisions? Please describe in detail the work to be accomplished in FY 1987 on these facilities.

Answer: The fish passage facilities are still scheduled to be completed in FY 1988.

In FY 1987, fish passage facilities will be completed at Wapato, Prosser, Roza, Westside Ditch, Toppenish Creek and Wapatox diversions. Passage facility construction will be initiated at Easton, Marion Drain, Taneum, Snipes Allen, Thorpe Mill diversions and old Reservation Canal. Preconstruction work will be completed on the Town Diversion Dam, and acquisition of permanent operating facilities will continue.

Bureau of Land Management

109. Question: The Department of Interior budget projects a $1.5 million decrease in the cost of the range management program as a result of decreasing removals in the wild horse and burro program and increasing emphasis on adoptions. The stated goal is to reduce long-term maintenance costs for captured animals. How does the Department plan to increase adoptions, and at what cost?

Answer: The Bureau of Land Management plans to increase adoptions by emphasizing the public information program, conducting more satellite adoption events (1 to 3-day special adoption efforts in localities close to sources of additional adopters), and waiving fees for animals determined to be unadoptable at the current fee level. The anticipated cost of this adoption effort is $4.8 million, a $1.5 million increase over 1986.

QUESTION SUBMITTED BY SENATOR J. BENNETT JOHNSTON

110. Question: The Administration's proposed budget would reduce spending for Health and Safety Technology by $7.5 million. What impact do you anticipate on mine safety and health from these sizeable cuts?

Answer: We anticipate no significant impact on mine safety and health from these budget reductions. Mining fatalities and non-fatal injuries have declined in recent years, both in absolute terms and in terms of the rate of incidents per employee-year. There is no reason to believe that these trends will not continue. Despite the reductions in research funding, the Bureau of Mines will continue its research addressing the most serious threats to miners' lives (ground control and mine disasters), safety (industrial hazards), and health (respirable dust).

Minerals Management Service

111. Question: According to the MMS Budget Justification for the Administration's proposed FY 1987 budget, decreases will occur in the Leasing and Environmental Program (8 FTE and $0.29 million) and the Environmental Studies Program ($4.24 million) with respect to Outer Continental Shelf Lands. Given these cuts, how will the Administration ensure that adequate environmental analysis is undertaken with respect to offshore lands prior to leasing?

Answer: These proposed reductions have taken into consideration the amount of prelease analysis that has already been completed on the Proposed 5-Year Oil and Gas Leasing Schedule. Much of the work has been completed and when combined with decreased industry interest, MMS staff effort can be reduced. In addition, redirection of staff resources has been focused on areas where industry has expressed interest. With respect to the Environmental Studies effort, MMS has also focused its efforts in obtaining the majority of data in areas where industry has indicated interest. While some studies have been scaled back and a few cancelled, MMS has been selective to ensure that sufficient data, especially all critical information, will be incorporated into the environmental analyses prior to leasing.

Minerals Management Service

112. Question: The MMS Budget Justification for the Administration's proposed 1987 budget states (at p. 68) that under the Royalty Management Program, a contract will be undertaken with a major accounting/auditing firm for expert accounting and systems advice. However, the budget justification provides that due to budget cuts, the contract will be performed at a reduced level.

a. Please describe what the agency will accomplish under this contract.

Answer: The MMS had budgeted $250,000 for this effort, primarily for a review of RMP financial management systems and practices for conformity with generally accepted accounting principles and standards.

b. What activities will not be undertaken pursuant to this contract because of budget cuts?

Answer: Under reductions imposed by the Balanced Budget and Emergency Deficit Control Act of 1985, MMS now plans to commit approximately $100,000 for an abbreviated review of RMP financial systems.

Minerals Management Service

113. Question: The MMS Budget Justification states (at p. 76) that as a result of budget cutbacks, travel funds for Royalty Compliance auditors will be cut, which "will reduce audit effectiveness in FY 1986." Does this type of cutback, which has a direct impact on collection of revenues, make sense?

Answer: As a result of the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177), reductions must be applied at "the program, project and activity" level for each sequestrable account. Therefore, each of the Royalty Management Programs (RMP's) three subactivities: Mineral Revenue Collections, Mineral Revenue Compliance, and Systems Development and Operation -- were subjected to a pro rata 4.3 percent reduction. This stipulation limited MMS's flexibility to apply the reductions in the most practical manner for the Royalty Management Program as a whole. For example, within the Mineral Revenue Compliance subactivity, 96 percent of the budget is allocated to payroll costs, travel, and State and tribal delegated and cooperative audits. Because the Compliance Program effort has proven to be highly cost-effective in terms of additional revenue collections, reductions in any of these areas adversely impacts audit effectiveness. Nevertheless, given the required reductions and the composition of the Compliance budget, MMS had no alternative but to apply the reductions to these major cost categories.

Geological Survey

114. Question: The Administration's proposed FY 1987 budget calls for the suspension of the coastal erosion processes study begun in 1986.

(a) What is the status of this study?

Answer: The study is well underway.

- Agreements have been implemented with the Louisiana Geological Survey to conduct cooperative cruises this fiscal year involving seismic surveys, sediment sampling, and vibracoring.
- The process of obtaining bathymetric data and aerial photographs off the coast of Louisiana has begun.
- Most of the required equipment has been purchased.
- Required research personnel have begun work on the project.

(b) How much has been expended to date on this study?

Answer: Sixty-five percent of the funds have been obligated. These expenditures include:

- Cooperative agreement with the Louisiana Geological Survey for the offshore surveys and sampling.
- Bathymetric data and aerial photography.
- Oceanographic and computer equipment.

The remainder of the funds are primarily for salary and direct field expenses and will be used to analyze the data to produce reports and to deploy the new equipment in the field.

(c) How much is required to complete this study?

Answer: To complete the study, funding from all sources, including non federal, would be approximately $ 10 million over a 5-year period.

Geological Survey

115. Question: **What impact will reduced funding have on the Geological Survey's acid rain program?**

Answer: Reductions in FY 1987 would predominantly impact the research component of the USGS acid rain program and would not threaten the integrity of the present national acid rain monitoring network (i.e., the 150-station National Trends Network). As described on pages GS-206 and 207 in the Budget Justification document, some research and appraisal activities including a pilot monitoring program for trace metals in wet deposition, would be discontinued or scaled back in FY 1987.

Q. a. What activities will continue under that program?

Answer: In FY 1987, activities would continue in the principal components of the Geological Survey (USGS) program as follows:

1. MONITORING ATMOSPHERIC DEPOSITION--A major element of the Geological Survey's continuing responsibility, as lead agency for the Task Group on Deposition Monitoring, is coordination of the design, implementation, and operation of the interagency National Trends Network (NTN), a 150-station network for collecting data on atmospheric deposition in the United States. The important nationwide monitoring of precipitation chemistry through the NTN, for which the USGS operates about 50 stations, has been protected from the effects of budget reductions.

2. MONITORING SENSITIVE LAKES AND STREAMS--This is part of a larger Federal interagency effort to determine the effects of acid deposition on sensitive lakes and streams throughout the United States. Monitoring at 12 of the 16 sensitive water bodies in the Geological Survey's part of the program would continue.

3. RESEARCH ACTIVITIES--The USGS acid rain research program is designed to acquire an understanding of the processes by which atmospheric deposition impacts hydrologic systems and building materials. Ongoing research activities that are planned to continue in FY 1987 are as follows:

   - o Detailed investigations in 6 of the monitored sensitive areas (lakes and streams) would continue in an effort to define the chemical interactions between atmospheric deposition, bedrock, soils, and surface and ground water.

   - o Research to assess the effects of acid deposition on building materials, such as limestone and marble.

Geological Survey

116. Question: What reductions in GS personnel are expected?

Answer: The FY 1987 full time equivalent (FTE) level of 9,766 reflects a reduction of 81 FTE's from the FY 1986 level of 9,847. This reduction will be achieved through normal attrition and will not impact the missions of the U.S. Geological Survey.

Bureau of Reclamation

117. Question: Mr. Secretary, as part of Plan 6 for completion of the Central Arizona Project, the Bureau of Reclamation evidently intends to use safety of dams funds for purposes of constructing Cliff Dam. However, there have been substantial questions raised as to whether safety of dams funds can legally be used for construction of new structures. My understanding is that Interior's Solicitor has taken the position that the use of safety of dams funds is legal because the construction of Cliff Dam will be cheaper than repairing existing structures while accomplishing the same purposes. Is that correct?

a. Would you provide for the record Interior's calculations on this point?

Answer: Reclamation received an opinion from the Interior Associate Solicitor on December 5, 1985, which concluded that in the case of Cliff Dam, the Safety of Dams (SOD) Act can partially fund that new construction as a means of solving dam safety problems on the Verde River. The reason being that Cliff Dam is a multipurpose feature authorized under the Colorado River Basin Project Act as a part of the Central Arizona Project (CAP) Regulatory Storage Division. Dam safety is one of the functions of this feature and only those costs allocated to dam safety for Cliff Dam will be funded by the SOD Act.

You are correct in your understanding that construction of Cliff Dam will be cheaper than repairing existing structures while accomplishing the same purposes. By taking advantage of combining two Federal programs into a comprehensive, multipurpose solution a large Federal cost savings can be realized. In our opinion it makes good program management sense to construct this project as proposed. Cliff Dam, whose primary purpose is to serve authorized CAP functions (i.e., flood control and water conservation), also would serve as the major feature of the least cost solution to resolve dam safety problems at the two Verde River dams, Horseshoe and Bartlett. Cliff Dam would replace Horseshoe Dam. The construction of Cliff Dam provides an opportunity to resolve the Verde River dam deficiencies at the least possible cost to the SOD program through functional participation and cost sharing with the CAP.

Modifying Horseshoe and Bartlett Dams for dam safety deficiencies, rather than constructing Cliff Dam, would cost about $279 million at 1983 prices. The Salt River Project Modification Report of April 1984 shows that through participation with CAP in the construction of Cliff Dam, the dam safety problems on the Verde River system can be corrected for $134 million (the amount allocated to Cliff Dam SOD purposes) at 1983 costs, at savings to the SOD program and to the Federal Government of approximately $145 million.

Bureau of Reclamation

#17. Q. b. Would the construction of Cliff Dam without safety of dams funds exceed the authorized spending ceiling of the CAP?

Answer: No, if it were possible to design Cliff to fulfill CAP and only CAP purposes, the present appropriation ceiling probably would he adequate. The present design of Cliff Dam includes the solution of the Verde River safety of dams problem at Horseshoe Dam immediately upstream and Bartlett Dam immediately downstream from Cliff Dam. While Cliff Dam could be modified to eliminate the safety of dams solution for Bartlett Dam, any design for Cliff Dam must inherently solve and eliminate the safety of dams problem at Horseshoe Dam because Cliff Reservoir will inundate Horseshoe Dam. It is virtually impossible to design and construct Cliff Dam to fulfill CAP and only CAP purposes. The costs have therefore been allocated to the various purposes served. The availability or lack of CAP appropriations ceiling should not influence the decision to construct Cliff or its design.

Bureau of Reclamation

118. Question: Mr. Secretary, the Bureau of Reclamation has taken the position that construction costs of the C.A.P. which are allocated to municipal and industrial purposes should be repaid at an interest rate of 3.342%. The G.A.O. has concluded that the cost difference between using this interest rate as opposed to the market rates that would otherwise apply to various project features is approximately $700 million over the repayment period of the project. My understanding is that the Bureau believes it has the legal authority to charge the 3.342% rate. Even if that is true, however, is there authority for the Bureau to charge a higher rate? And if so, why has the rate not more closely reflected the cost of Federal borrowing?

Answer: The proper interest rate for repayment of C.A.P. costs was determined by the Interior's Solicitor's Office in 1981. The Solicitor's Office final interpretation of the Colorado River Basin Act was that the proper repayment interest rate was 3.342 percent for all of the C.A.P. We do not believe that we have administrative authority to alter the authorized interest rate.

Minerals Management Service

119. Question: On page 7 of your prepared statement you indicate the budget assumptions regarding the 8(g) controversy.

a\. Why did you assume there will be no legislative solution? Both houses of Congress passed legislation on the Reconciliation Bill last year proposing nearly identical legislative settlements on 8(g) and the Administration itself proposed legislation offering the States a settlement based on more than drainage alone. The White House and Senate members are currently negotiating changes in Reconciliation to permit enactment of this bill which includes an 8(g) provision giving the States more than drainage alone.

Answer: The assumptions concerning 8(g) in the budget are consistent with the position of the United States in court. The 8(g) provisions passed by Congress in the Reconciliation bill are unacceptable to the Administration in their current form. Therefore, we are left with our litigation position as the assumption for the resolution of this issue. While further 8(g) negotiations have occurred, no compromise has yet been agreed upon.

b\. Do you believe now that the most likely assumption is that there will be no legislative solution on 8(g)?

Answer: I am hopeful that a reasonable legislative settlement of this issue can still be reached.

Minerals Management Service

120. Question: Notwithstanding the legislative solution on August 8, 1984, Secretary Clark offered 5 coastal States a settlement on 8(g) that would give them 16 2/3% of bonuses and rents plus interest.

a. Isn't your assumption of no legislative solution and no settlement among the parties inconsistent with Secretary Clark's offer?

Answer: Secretary Clark's offer was rejected by the offerees and thus is no longer pending. However, we are always open to any reasonable offer by any interested coastal State.

b. Are you withdrawing Secretary Clark's offer?

Answer: Since Secretary Clark's offer was rejected by the offerees, we no longer consider it pending.

Minerals Management Service

121. Question: Even in the unlikely event no legislative solution is achieved and no settlement occurs between the Federal Government and tHe States before 1988, why do you assume that an appellate court will accept your drainage theory when *both* lower Federal Courts specifically ruled that drainage was *not* the sole criterion for a fair and equitable disposition of the 8(g) revenues?

Answer: The language and legislative history of section 8(g) clearly support our position. First, this section was the direct result of concerns expressed by California and Texas governors and congressional members that the expeditious development thrust of the 1978 OCS Lands Act Amendments would lead to drainage of State resources. In response to those concerns, this Department drafted and proposed the very 8(g) language that was later enacted. Secretary Andrus made clear in his transmittal of that language (published in Committees' reports) that it was intended to resolve those drainage concerns. See, S. Rep. No. 95-284, 95th Cong., 1st Sess. 219-220 (1977); H.R. Rep. No. 95-590, 95th Cong., 2d Sess. 218-223 (1977). Furthermore, the statute itself only requires the sharing of 8(g) revenues *attributable to common oil or gas pools*. 43 U.S.C. Sections 1337(g)(2) and (g)(4). Not until Secretary Clark's generous offer in 1984 (16 2/3% of bonuses and rents) was any offer other than drainage made to the coastal States. We are therefore optimistic of a favorable Court of Appeals ruling on this issue as early as this summer.

Minerals Management Service

122. Question: In your budget assumptions as to revenues which will be received by the Federal Government from the 8(g) account did you assume that prorationing by surface acreage is applied retroactively to the 8(g) tracts?

Answer: Our budget assumption is that coastal States will be compensated for any actual drainage of State resources by Federal lessees and that, on the basis of geologic estimates, 4% of all escrowed funds is at the upper range of any possible actual drainage. For example, extensive Texas and Louisiana State leasing makes drainage by Federal lessees most unlikely there. Also, little Federal drilling has occurred offshore Alaska, so little actual drainage could have occurred there.

Minerals Management Service

123. Question: How will Judge Robert Parker's granting of a temporary restraining order on February 6, barring DOI from removing any funds from the Texas 8(g) escrow account, affect your budget assumption about FY 1986 Federal receipts from the 8(g) account?

Answer: We believe the court will ultimately rule that the Federal Government is entitled to the money we propose to withdraw. It is only the undisputed portion of revenues from the four lease sales involved in the Texas court decision, which Judge Parker clearly stated in his final order should be deposited in the U.S. Treasury. Withdrawal of these funds would not prejudice Texas, either from a litigation or a legislative standpoint (i.e., there would still be adequate funds in the Texas escrow account to pay it the current requirements of the reconciliation bill). Therefore, we expect no effect on our budget assumption for FY 1986.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

124. Question: The budget justification for the Office of Surface Mining Reclamation and Enforcement states that OSMRE is planning an "organizational realignment and the decentralization of certain program functions to the field." A sum of $3 million is requested to fund this decentralization.

OSMRE has been "reorganized" before. In 1981, the agency was reorganized, and as a result, according to Congressman Pat Schroeder, approximately 50 percent of OSMRE's experienced personnel left the agency, causing many of OSMRE's problems today.

Q. a. How does the current planned decentralization compare with the 1981 reorganization?

Answer: The 1981 reorganization was consistent with OSMRE's changing role from direct enforcement activities and review of proposed State programs to State program oversight and technical activities. This was a major reorganization that streamlined certain assistance functions within OSMRE's Headquarters; established Field office units and povided definite program improvements and increased State activities as intended by SMCRA.

OSMRE's current efforts to realign certain agency functions are aimed at providing an organizational framework through which program objectives and actions and administrative services to OSMRE employees can be effectively and efficiently provided. The primary objectives of the realignment are to provide: oversight and day-to-day coordination and support to State regulatory authorities from the geographically closest element of OSMRE; overall policy and programmatic direction from Headquarters and technical support to Field Offices from the Technical Centers. OSMRE believes that the decentralization of certain functions from Headquarters to field office and technical center locations will provide improved and accessible services to State agencies and OSMRE field offices.

OSMRE is currently reviewing which functions will be relocated and the timing and other requirements for the relocation. This review is encompassing both administrative and programmatic functions, and will result in a plan and timetable for implementing the decentralization initiative.

124. QUESTION (continued)

Q. b. What impact do you anticipate in terms of relocation, termination or resignation of agency staff?

Answer: Only headquarters positions may be affected by the decentralization. These positions would be moved from the Washington office to the field. Some of these are positions that are already vacant. No reduction-in-force is planned as part of the decentralization.

Q. c. Why is this decentralization necessary?

Answer: The primary reason is to improve communication and working relationships between OSMRE and the States by placing authority and responsibility as close as possible to the State regulatory agency.

Q. d. What will the $3 million pay for?

Answer: The $3.0 million will support the relocation expenses of personnel and their families and will provide for other such expenses as the acquisition of office space, telephones office equipment, and the establishment of support facilities.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

125. Question: The OSM budget request appears to be premised on the assumption that the proposed OSM Management Plan (MAP) will be implemented.

Q. a. What is the current status of the MAP?

Answer: The MAP is being revised and rewritten in accordance with the many comments received in response to the preliminary draft. The Department intends to publish the next draft of the MAP soon. Future implementation of MAP initiatives will occur only after appropriate Administrative Procedure Act (APA) and NEPA compliance activities have been completed.

Q. b. Has a decision been made to implement the MAP?

Answer: As noted above, the Department intends to publish another draft. Many of the proposed initiatives, standing alone, will require notice and a public process in accordance with the Administrative Procedure Act prior to implementation. We also plan an extensive outreach program for those initiatives not subject to rulemaking to gain consensus on the direction of the program.

Q. c. Has the MAP been reviewed for legal sufficiency and approved by the Department's Office of the Solicitor? If so, please furnish a copy of the Solicitor's views.

Answer: The Office of the Solicitor has been participating in the revision of the MAP and providing its views verbally. The next draft of the MAP will reflect the Solicitor's comments.

Q. d. What environmental impact analyses with respect to the MAP are being undertaken by the Department pursuant to the National Environmental Policy Act?

Answer: OSMRE is conducting an environmental analysis pursuant to the National Environmental Policy Act. It will be available at the time the draft MAP is published.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

126. Question: The agency has requested a decrease in funding for Regulatory Program Operations (Budget Justification at p. 11), which includes OSMRE's evaluation and assistance program for primacy States, Federally administered programs in non-primacy States and on Indian lands.

Q. a. Shouldn't the agency be stepping up its evaluation program as opposed to decreasing funding, given the widely-recognized problems in adminisration of the Surface Mining Control and Reclamation Act?

Answer: The Fiscal Year 1987 reduction in the Regulatory Program Operations subactivity is made possible by non-recurring costs associated with Oklahoma and the phasing down of two-acre abuse activities in Kentucky. Funding associated with evaluation and oversight is not being decreased. The current level of funding has proved effective in identifying and addressing problems.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

127. Question: What specific items account for the savings described in the OSMRE Budget Justification (at pp. 2-4) as the "management savings initiative" for Regulation and Technology in the areas of: (1) Regulatory Program Operations; (2) Technical Services, Training and Research; (3) Assessments and Collections; (4) Executive Direction; and (5) Administrative Support?

Answer: The management savings initative is to assess vacant positions to determine whether these positions can be filled at lower grade levels, or as career ladder positions that lead to the vacated grade level. Although the savings realized would be modest (approximately 0.5 percent), this is prudent management. As a result of this initiative the dollar savings for the Regulation and Technlogy appropriation is $118,000.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

128. Question: What specific items account for the savings described in the OSMRE Budget Justification (at pp. 4-5) as the "management savings initiative" for the Abandoned Mine Reclamation Fund in the areas of: (1) Fee Compliance; (2) Federal Reclamation Projects; and (3) General Administration?

Answer: The management savings initative is to assess vacant positions to determine whether these positions can be filled at lower grade levels, or as career ladder positions that lead to the vacated grade level. As a result of this initiative the dollar savings for the Abandoned Mine Reclamation Fund appropriation is $57,000.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

129. Question: In April, 1984, OSMRE removed the State of Oklahoma's inspection ad enforcement authority. According to the OMRE Budget Justification (at. p. 3), OSMRE "will gradually phase down its regulatory operations in Oklahoma in 1986, consistent with its plan to return full regulatory authority to te State by the end of the Fiscal Year 1986." Under the proposed budget, tis would result in a savangs of $500,000 and nine FTE's. I understand that pursuant to an agreement between the Department and the State, Oklahoma is in the process of resuming its inspection ad enforcement responsibilities on a phased basis starting January 1, 1986.

Q. a. What is the timetable for this phased resumption of responsibility?

Answer: On January 1, 1986, the Oklahoma Department of Mines (ODM) resumed inspection and enforcement activities for approximately 207 sites where mining has been completed or the site has been abandoned and no further mining at the site is intended by any person.

Upon reevaluation and revision of the permits and reclamation bonds for approximately 24 individual active and eight temporarily closed operations and upon an affirmative demonstration of such action, OSMRE will return to ODM, on a permit-by-permit basis, the authority to administer the inspection and enforcement aspects of the approved Oklahoma program. The reevaluation effort for those operations discussed above commenced January 1,1986.

The ODM projects that the majority of all necessary permit and bond reviews will be completed and all active operations will be repermitted by the end of the fiscal year. Complete resumption of authority will be obtained by ODM upon meeting this commitment.

Q. b. What assurances does OSMRE have that the State will be prepared to assume full authority by the end of Fiscal Year 1986?

Answer: The State of Oklahoma has demonstrated its capability to administer the approved program through an organizational realignment, the hiring of additional qualified staff, the development of administrative procedures, the development of detailed plans for permitting and inspection functions and the signing of an agreement with OSMRE.

There are mechanisms built into the agreement signed by OSMRE and ODM that help assure adequate resumption of authority by Oklahoma.

129b. ANSWER (continued)

First, OSMRE will return inspection and enforcement authority for active and temporarily closed operations only after ODM reevaluates bothe the permit and bond and provides an affirmative demonstration that the reevaluated permit is in compliance with the approved Oklahoma program.

Second, the agreement requires ODM to conduct joint inspections with OSMRE inspectors on a monthly basis for the first three months on those active and temporarily closed sites for which inspection and enforcement authority has been returned. This three month period will allow OSMRE inspectors to evaluate the performance of ODM's recently hired inspection staff prior to total resumption of authority.

OFFICE OF SSURFACE MINING RECLAMATION AND ENFORCEMENT

130. Question: The proposed budget includes a $393,000 cutback in funding for te two-acre mining eforcement effort in Kentucky and Virginia, as well as elimination of one FTE for this effort. The OSMRE Budget Justification (at p. 3) states that the savings will result due to "non-recurring costs" related to the program's commencement in 1986.

Q. a. What is the status of the two-acre mining enforcement efforts?

Answer: The parties in the two-acre litigation, Save Our Cumberland Mountains, Inc. v. Hodel, entered into a comprehensive settlement agreement which requires the Office of Surface Mining Reclamation and Enforcement to:

(1) Develop an accurate inventory of all mining sites in Kentucky and Virginia which have in the past claimed, or do presently claim to be exempt from the standards of the Surface Mining Act under the Act's two-acre exemption at any time since May 3, 1978.

(2) Inspect a minimum of 120 sites every six months in Virginia, and conduct intensive oversight inspection of all inventory sites in Kentucky within two years from the date of the agreement.

(3) Inspect sixty sites every six months in States other than Kentucky and Virginia.

(4) Construct the inventory in a manner to provide plaintiffs, on a per site basis, with permittee and operator names, mine name, permit number, MSHA number, site location, last inspection date, type of enforcement action taken and by whom, reclamation status, AML fee status, and civil penalty status. This information is to be updated and provided to plaintiffs on a quarterly basis beginning December 6, 1985.

130a. ANSWER (continued)

(5) Provide plaintiffs with inspection reports and photographs of each site inspected, per quarter.

To fully implement the agreement, OSMRE created a two-acre taks force consisting of inspectors, technical personnel, and solicitors. OSMRE completed compilation of the inventories, with the required data, on October 6, 1985. The first quarterly report was filed with the Court on schedule on December 6, 1985.

The Kentucky inventory contains 2,045 two-acre permanent program sites. Plaintiffs and OSMRE are discussing the addition of approximately 1,000 additional interim program sites. If these sites meet the criteria for inclusion in the inventory, OSMRE's oversight responsibility will increase substantially.

In Kentucky, the State, under a grant condition, has inspected approximately 2000 sites to date. As a result of the inspections, Kentucky has issued 778 notices of non-compliance, 394 cessation orders to permittees for violation of the two-acre exemption, released 282 bonds, and forfeited 24 bonds. OSMRE has conducted oversight inspections of 213 of the sites.OSMRE has issued 56 ten-day notices to Kentucky, 16 cessation orders to permittees, and referred 11 cases for Federal court action. 679 referrals have been made to OSMRE's Fee Compliance Branch for collection of AML fees.

The Virginia inventory contains 1518 sites. This number represents 1818 companies operating on 1518 distinct sites. Ninety percent of the Virginia sites are underground mines where surface disturbance is believed to be in excess of two acres. To date, OSMRE has inspection 134 sites. The inspections have resulted in the issuance of 16 notices of violation, 5 cessation orders, and 26 ten-day notices to Virginia. 62 referrals have been made for collection of AML fees.

The Tennessee inventory consists of 112 sites. A complete inspection has been made by OSMRE of the Tennessee inventory sites. OSMRE believes that approximately 70 of the 112 sites are eligible for removal from the inventory for the following reasons: Parker sites, duplicate sites, non-existent or non-mining sites, less than two-acre sites. The parties are presently engaged in reviewing these sites for removal determinations. The inspections have resulted in the issuance of two notices of violation and two cessation orders.

130a. ANSWER (continued)

As a result of the AML referrals from Kentucky and Virginia, 125 cases are being resolved through payment, issuance of notices of violation, or hearings. Six Virginia cases have been referred to the Solicitor for Federal court action, and 21 Virginia cases are under investigation. OSMRE's Fee Compliance Branch has issued 422 OSM-1 forms to Kentucky operators informing them of their liability, and has sent 74 final demand letters to date.

Q. b. Specifically, what "non-recurring costs" will result in these savings?

Answer: The reduction for two-acre abuse activities in Fiscal Year 1987 reflects non-recurring costs associated with the program's initial start-up. This includes establishing offices, contracts for aerial inspections, the inventory data base and communication needs. Program maintenance costs will be lower in these areas in Fiscal Year 1987.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

131. Question: The proposed budget includes increased funding for Executive Direction in the amount of $100,000 for use in "negotiated rulemaking."

Q. a. What rules do you expect to be promulgated through negotiated rulemaking?

Answer: At present we are developing a rulemaking agenda, a part of which is the development of a list of potential negotiated rulemaking candidates. We are requesting advice from interested parties about rules that may benefit from a negotiated rulemaking process. We expect that consultation to be completed soon and a list should be available by April.

That list should be available by early April.

Q. b. What specific expenses do you expect to incur through the use of negotiated rulemaking that the agency would not otherwise incur?

Answer: The primary expenses to be incurred will be for the services of a professional facilitator.

Certain travel expenses for participants in the negotiated rulemaking sessions will also be incurred.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

132. Question: The OSMRE Budget Justification states (at p. 40) that "OSMRE is exploring options to allow a State to request a rview of an OSMRE inspector's action in certain cases."

Q. a. What options are under consideration?

Answer: The concept to which you refer concerns the options a State may have in response to a ten-day notice issued by OSMRE with which it disagrees. This initiative contained in the initial draft of OSMRE's Management Action Plan is based on the view that many of the decisions made during the course of implementing SMCRA represent the exercise of discretionary judgment by the regulatory authority. Generally, in States with primacy regulatory responsibility, the regulatory authority should be afforded the opportunity to exercise its primacy jurisdiction.

Q. b. What time limitations would be imposed on such a review to ensure that enforcement is not delayed?

The concept while not scoped out in any detail envisioned a review process with the State at a higher level of OSMRE management before taking Federal enforcement action against an operator. OSMRE intends to include this concept as part of a broad review of oversight activities which it will outreach prior to Fiscal Year 1987.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

133. Question: What are the "Other Services" referred to in the table at page 64 of the Budget Justification?

Answer: Other Services refers to contract costs associated with OSMRE's proposed training initiative. OSMRE expects to use contractors to provide much of this training, as well as facilities and program support costs required to locate and carry out such training.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

134. Question: The Budget Justification (at p. 70) states that OSMRE's intent to employ outside experts for debt collection. What level of funding is requested for this purpose?

Answer: OSMRE uses a contract collection agency from a GSA schedule of debt collection agents. The current contractor is STA-Corliss Inc. The fee paid to Corliss is a percentage of debt collected or a flat fee if collection action is terminated with payment. We expect these collection costs to be about $145,000 during Fiscal Year 1987.

Bureau of Land Management

135. Question: The budget requests a reduction in funding for most activities under energy and minerals management. While proposed funding for energy programs such as coal, geothermal, oil shale and tar sands has been decreased, the oil and gas program request is an increase of $3.9 million. How does the Bureau of Land Management propose to use these additional funds?

Answer: BLM's budget request includes a total funding level of $46,519,000 for the oil and gas program in FY 1987. This represents a $3,889,000 increase from the FY 1986 appropriated level after adjustment to reflect the $1,915,000 reduction in 1986 budget authority associated with the Gramm-Rudman-Hollings sequestration. The total program request for FY 1987 represents a $2,170,000 increase from the FY 1987 base and is composed of the following elements:

- Lease Adjustments (+$300,000 and +5 FTE)

  - Increased funds to process additional oil and gas lease assignments. Beginning in 1981, the number of requests for approval of assignments increased by approximately 67 percent. Before BLM can grant approval for a permit to drill for oil and gas, the record of title must be clear and any assignment of operating rights approved as required by law. This sudden and sustained increase in workload resulted in a backlog of about 25,000 assignment applications (13,000 in Wyoming) that BLM has not been able to eliminate. The increased funds will enable the BLM to process an additional 6,000 assignments over current levels.

- Indian Diligence Reviews (+$800,000 and +15 FTE)

  - The BLM has the responsibility for the review of all producing but not fully developed Indian leases. Diligent development reviews of Indian leases require a full, detailed analysis of the exploration and development work which has occurred to date, the identification of undeveloped spacing units, and an analysis of the operator's plans for the future year to determine whether prudent diligent development will result. In some instances, the operator may be required to drill a well or wells to satisfy this standard. The work is highly technical, and requires petroleum engineer/geologist skills.

During 1985 BLM conducted a survey to determine the appropriate approach to these reviews. The results indicate that each such review requires an average of 35 hours to complete. Based on 35 hours per review, current staffing would permit the Bureau to review 900 of the approximately 2,800 Indian leases in this category on an annual basis. With the requested increase, the Bureau could perform approximately 1,800 such reviews each year. Thus, we would be able to complete these development reviews on about a 2 to 3-year cycle in New Mexico and on an annual or biennial basis elsewhere.

o Inspection and Enforcement (+$1,070,000 and -42 FTE)

The increased funds would enable the Bureau to:

- Complete all of the high priority inspections required by the Federal Oil and Gas Royalty Management Act (FOGRMA) of 1982. Previously, our capability for inspections was constrained to inspecting about 90 percent of the high priority leases annually.

- Improve the automated Onshore Oil and Gas Lease Inventory and Inspection System (MS-1) which will substantially increase the productivity of the Bureau's inspector workforce.

- As a result of these actions we will be able to complete an additional 3,000 high priority inspections at the 1987 Estimate level.

- Begin implementation of the authority provided in section 205 of FOGRMA to delegate to State governments inspection authority for oil and gas leases on Federal and Indian lands. Such delegations would be accomplished by written agreements between the States and the BLM. It is anticipated that the Bureau would provide funding to the States (most likely California, Utah, and Wyoming in 1987) for the costs of conducting an inspection program on Federal leases and would provide technical support and training to the delegated States. The currently authorized BLM inspector force in these 3 States is 55 full-time equivalent (FTE) work-years. BLM anticipates reducing the inspector force in these States by 42 FTE under the proposed delegation agreements, retaining 13 FTE to perform oversight functions in addition to their other regular inspection workload. The combined efforts of the BLM and State inspector workforce would accomplish 100 percent of the FOGRMA required high priority inspections in these States.

Bureau of Land Management

136. Question: Does the Department expect to issue about the same number of noncompetitive oil and gas leases this year as it has in previous years?

Answer: The number of noncompetitive oil and gas leases issued is expected to increase in both FY 1986 and FY 1987 over the actual number of leases issued in FY 1985. The following table shows the estimated increase in the workload associated with over-the-counter and simultaneous oil and gas leasing during this period.

Noncompetitive Oil and Gas Leasing

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
Over the Counter (OTC)			
Applications processed	7,300	8,360	8,660
Leases issued	1,948	2,000	2,000
Simultaneous Oil and Gas (SOG)			
Parcels posted	13,000	15,000	16,600
Leases issued	7,800	9,000	9,600

While the number of OTC lease applications processed is expected to increase, the number of actual leases issued is expected to remain relatively constant. SOG parcels posted and leases issued are both expected to increase through FY 1987.

At this time, the Department does not plan to introduce any legislation regarding competitive leasing and will comment on the congressional legislative initiatives as they occur.

Bureau of Land Management

137. Question: Does the Department plan to propose legislation this year making changes in the onshore oil and gas leasing program?

Answer: At this time, the Department does not plan to propose legislation making changes in the onshore oil and gas leasing program, preferring instead to review and comment on legislation which is expected to be introduced in both the House and Senate in the near future. The Secretary has indicated his support for a system which offers lands for competitive leasing before noncompetitive leasing could be conducted; however, the Department continues to support noncompetitive leasing as a means of allowing industry the opportunity to acquire leases and conduct wildcat exploration on lands for which limited exploratory interest has been demonstrated.

Minerals Management Service

138. Question: Receipts for the Department of the Interior are estimated to be $7.8 billion in 1987.

a. What price per barrel of oil was used to estimate revenues from OCS leasing production?

Answer: For royalty receipts from oil produced on the OCS, the Department used the standard oil price assumptions published by OMB for use by all Federal agencies. The price per barrel for FY 1987 was $24.00. For estimating OCS rents and bonuses, the price per barrel from Atlantic and Gulf of Mexico OCS oil was estimated at $28.00; the estimate for Pacific and Alaska OCS oil was $25.00 per barrel. Different price assumptions are used for estimating rents and bonuses because bidders are primarily concerned about revenues 10 to 15 years in the future when bonus bids are developed. Current prices are less directly related to these estimates than to those for royalty revenues which are based on current production.

b. What price per barrel was used in the Onshore revenue estimate? If different, why?

The price per barrel used to develop royalty receipt estimates for Onshore oil was $24.00, the same as the price for OCS royalty receipts. There was no difference between the Offshore and Onshore price assumptions.

c. Considering the present per barrel world market price for oil, has the Department made any adjustments in the estimates of receipts anticipated?

Answer: I have not at this point asked for a revised assessment of receipts to reflect recent price postings. When the President's budget estimates were prepared, the assumptions used to develop revenue projections were based on the standard prices published by OMB. It is unclear at this time how the recent decline in prices will impact receipts over the long term. But if oil prices remain depressed, the Administration's April update of estimated receipts will reflect changed assumptions.

139. Question: How is the Department interpreting the provisions of Gramm-Rudman-Hollings as it relates to the distribution of timber and mineral leasing receipts to States and counties?

Answer: Following the guidance we have received from the Office of Management and Budget, $23.9 million of onshore mineral receipt payments will not be obligated or spent during 1986, but will remain in the Payments to States account and will be available in the future in accordance with and to the extent permitted by law, including the provisions contained in Gramm-Rudman-Hollings. With regard to $2.9 million in timber payments to Oregon and California (O&C) grant land counties, this amount is displayed in the budget as being permanently cancelled. It is our understanding that the budget does not display the O&C payments correctly. These payments, like the onshore mineral leasing receipts payments, should have been displayed in the budget as being reserved rather than cancelled. In short, both accounts should have received the same treatment under Gramm-Rudman-Hollings.

Minerals Management Service

140. Question: According to the FY 1987 budget request, decreases are proposed in the Leasing and Environmental Program and the Environmental Studies Program with respect to Outer Continental Shelf Lands. Given these cuts, how will the Department ensure that adequate environmental analysis is undertaken with respect to Offshore lands prior to leasing?

Answer: These proposed reductions have taken into consideration the amount of prelease analysis that has already been completed on the Proposed 5-Year Oil and Gas Leasing Schedule. Much of the work has been completed and when combined with decreased industry interest, MMS staff effort can be reduced. In addition, redirection of staff resources has been focused on areas where industry has expressed interest. With respect to the Environmental Studies effort, MMS has also focused its efforts in obtaining the majority of data in areas where industry has indicated interest. While some studies have been scaled back and a few cancelled, MMS has been selective to ensure that sufficient data, especially all critical information, will be incorporated into the environmental analyses prior to leasing.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

141. Question: The Department budget for Fiscal Year 1987 proposes termination of all funding for the Rural Abandoned Mines Program except for funds necessary to complete existing projects. What is the basis for this determination?

Answer: OSMRE believes that RAMP projects should be funded through the State AML programs, with priority being given to priority I and II category projects. Hence no funding for RAMP as a separate program is proposed.

The request provides support only for changes to existing construction contracts, allowing for increased costs that arise between the time of a contract's initial execution and actual construction. On-site conditions will sometimes dictate these types of modifications. These modifications typically require approximately $4,600 per contract in the major construction and $1,000 per contract in the final completion stage; these costs are covered adequately in our budget request.

National Park Service

142. Question: The 1987 budget request proposes increased funding for park operations through the enactment of legislation raising existing park entrance fees and establishing new ones. 80% of these revenues will go back to the parks for operation and maintenance expenses. The operation and maintenance of our National Parks should be a high priority. How does the Service propose to ensure that the requested increase in entrance fees will not be used as a justification for decreasing the funding level for the Park Service's operation account in the future?

Answer: The proposed recreation fee initiative would result in the creation of a new permanent, indefinite account for the 80% share of the total revenues earmarked for the National Park Service. These funds would be available to the National Park Service without appropriation to finance park operations. Our intention in proposing a permanent account is to remove recreation fees from the normal budget formulation process in order to ensure that appropriation requests are developed and considered separately.

Minerals Management Service

143. Question: The Interior Budget refers to almost $5 billion in revenue to be derived in FY 1987 from oil and gas royalty payments. This projection is based on an oil price estimate of $24 per barrel, a figure which seems very optimistic given today's circumstances.

a. How does the recent fall in oil prices affect these projections of royalty revenue?

Answer: I have not at this point asked for a revised assessment of receipts to reflect recent price postings. When the President's budget estimates were prepared, the assumptions used to develop revenue projections were based on the standard prices published by OMB for use by all Federal agencies. It is unclear at this time what impact the recent decline in prices will have on receipts over the long term. But if oil prices remain depressed, the Administration's April update of receipts will reflect the changed assumptions.

b. How are these lost revenues likely to be made up?

Answer: The Department has not at this time attempted to develop a strategy to respond to potential decreases in mineral revenues.

Bureau of Land Management

144. Question: Revenues received from the grazing of cattle and sheep on public lands do not cover the cost of range management programs. In FY 1987 the Bureau of Land Management (BLM) expects to receive $15.8 million in grazing fees. The budget appropriated $47.5 million for range land management.

— The President has proposed tripling National Park user fees arguing that those who benefit from a specific Federal service should pay the cost of providing that service. Why not apply this "user-pays" philosophy to grazing fees?

— By what percentage must the grazing fee be raised to make the program pay for itself?

— By what percentage must the grazing fee be raised to make it comparable to private fees?

Answer: The Bureau of Land Management believes that the budget amount cited in the question is not the correct one to use when comparing grazing fee collections to costs of managing domestic livestock on public lands. The cited amount includes $15,200,000 for the wild horse and burro management program which is not related to the grazing management program or to grazing fees.

There are actually two separate programs in BLM related to managing domestic livestock: (1) Grazing Management in the Management of Lands and Resources appropriation (FY 1987 budgeted funding level of $30,860,000) and (2) the Range Improvements appropriation (FY 1987 budgeted funding level of $8,506,000). Additionally, a 1985 Bureau analysis determined that of the total amount appropriated for range management only about $28,000,000 actually is related to livestock grazing on public rangelands; the remaining costs are associated with managing the public lands whether livestock grazing is permitted or not. These costs include maintaining baseline inventory data, monitoring and reporting range condition, supervision against unauthorized uses, and maintenance costs for water facilities for wildlife that are presently being borne by permittees.

In answer to the first question, the Bureau of Land Management believes that the philosophy of "user-pays" is being used. In 1978 Congress established a formula to determine fair market value for grazing fees. This formula compares value of grazing to the cost of production. A recently issued Executive Order continued this formula with a minimum fee level of $1.35/AUM.

In answer to the second question, based on the 1985 Bureau analysis previously discussed, it would require a fee of $2.14/AUM of active grazing preference.

In answer to the third question, comparability is very difficult to determine. The market value appraisal attempted to do this through a mass appraisal technique but there are some limitations. The data showed a large variability in private land lease rates ranging from 2 cents to $65 per AUM.

Comparable public land lease rates would probably vary this much if put up for competitive bid. The appraisal reduced the average private land lease rates by 15 percent to reflect comparability with public land leases.

The 1966 Western Livestock Grazing Survey addressed comparability in a little different way and statistically accounted for differences in such costs as lessee/landlord share of maintenance. This analysis resulted in a downward adjustment of the private land lease rate of 31 percent to reflect comparability with public land leasing.

Deferred Expenses

145. Question: Throughout the Budget are dramatic cuts in supporting programs or long-term development expenditures. For example, the land acquisition budget is down 75 percent, the Park Service construction budget is down 70 percent, the Bureau of Indian Affairs construction budget is down almost 50 percent, etc.

- How much of these cuts are real, and not simply a deferral of current needs to some later budget or administration?
- Why do the large Bureau of Reclamation Projects "escape" with large increases in budget, when most other developmental programs are gutted?

Answer: As we have indicated, the Department's 1987 request has been built with a clear priority to fund bureau operations and maintain services to the public. In order to fund these activities we have had to identify areas in which funding could be deferred without affecting ongoing operations. In land acquisition and construction we have made a significant expenditures in recent years and have substantial amounts of unobligated balances remaining to be spent. These cuts are necessary in FY 1987 to meet overall deficit reduction goals, but we expect to increase spending in these areas in the future when the overall deficit picture improves. With regard to the funding of Reclamation projects in this budget, these expenditures are for the continuation of construction work that is already underway. We are not proposing any new starts in this budget, but merely financing the next stage of construction in on-going projects. We would also point out that significant delays occurred in 23 Reclamation construction projects as the result of the FY 1986 budget, and that construction obligations and outlays in the Bureau of Reclamation are both lower in FY 1987 than in FY 1986.

QUESTION SUBMITTED BY SENATOR JAY ROCKEFELLER

146. Question: The Administration's proposed FY 1987 budget for the Bureau of Mines provides that research grants will continue to support research activities in five generic minerals technology areas through 1988. West Virginia University is a designated lead institution in research in one of these generic areas -- respirable dust.

(a) Will Bureau of Mines funding for this research be eliminated after 1988?

(b) What steps will the Department take to deal with the problem of respirable dust?

Answer: (a) The Administration's proposed FY 1987 budget for the Bureau of Mines does not provide any funds for the five generic minerals technology centers. Grants awarded in FY 1986 are sufficient to support research through 1988.

(b) The Administration's proposed FY 1987 budget for the Bureau of Mines, while not providing funds for the Respirable Dust Generic Minerals Technology Center at Pennsylvania State and West Virginia Universities, does provide for a total of $4,416,000 for Bureau of Mines research in respirable dust.

OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT

147. Question: What is the current status of the draft Management Action Plan ("MAP") issued by the Office of Surface Mining Reclamation and Enforcement?

Answer: The MAP is being revised and rewritten in accordance with the many comments received in response to the preliminary draft.

Q. a. Has a decision been made to implement the MAP?

Answer: The initial draft of the MAP articulated policies, philosophies, options and current practices in addition to new initiatives. The MAP is designed to build a consensus for long term management of OSMRE. OSMRE will continue its current practices, modifying them in certain instances to increase consistency while review of MAP continues.

The Department intends to publish the next draft of the MAP soon. Many of the proposed initiatives, standing alone, will require notice and a public process in accordance with the Administrative Procedure Act prior to implementation. Future implementation of MAP initiatives will occur only after appropriate APA and NEPA compliance activities have been completed.

Q. b. Please furnish a copy of any written views by the Department's Solicitor regarding the MAP.

Answer: The Office of the Solicitor has been participating in the revision of the MAP and providing its views verbally. The next draft of the MAP will reflect the Solicitor's comments.

PROPOSED FISCAL YEAR 1987 BUDGET REQUEST

(Federal Energy Regulatory Commission)

WEDNESDAY, FEBRUARY 19, 1986

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 9:36 a.m., in room SD-366, Dirksen Senate Office Building, Hon. James A. McClure, chairman, presiding.

Present: Senators McClure, Nickles, Bumpers, and Ford.

Also present: Richard D. Grundy, senior professional staff member; Jeff Arnold and Faith Haywood, professional staff members; D. Michael Harvey, chief counsel for the minority; and Elizabeth Moler, counsel for the minority.

The CHAIRMAN. The committee will come to order.

OPENING STATEMENT OF HON. JAMES A. McCLURE, A U.S. SENATOR FROM THE STATE OF IDAHO

The CHAIRMAN. Good morning. This morning the Committee on Energy and Natural Resources resumes it hearings on the President's fiscal year 1987 budget with testimony from Commissioner Sousa, Acting Chairman of the Federal Energy Regulatory Commission. This afternoon we will conclude with testimony from representatives of the Department of Agriculture and the U.S. Forest Service.

These hearings are in preparation for the committee's business meeting on Tuesday of next week to approve its recommendations to the Senate Budget Committee. Our report must be transmitted to the Budget Committee by Tuesday, February 25 rather than the previous deadline of March 15.

As I stated yesterday, during the DOE budget hearing, over the last 5 years as we have attempted to streamline the Federal Government, funding for programs within the jurisdiction of the Energy and Natural Resources Committee have decreased from approximately $16.1 billion in fiscal year 1982 to $13 billion for fiscal year 1986. This represents a 5-year decrease of approximately 19 percent.

However, with fiscal year 1987 the administration proposed a further deduction of $3.2 billion for programs within the jurisdiction of the committee. This is a further reduction of 25 percent in just 1 year, a cut comparable to the earlier reduction it took us 5 years to achieve.

I support fiscal restraint. I was a cosponsor of the Gramm-Rudman-Hollings bill. However, I also do not believe that we must totally mortgage our energy and economic future to achieve fiscal restraint.

With regard to the Federal Energy Regulatory Commission, the Commission serves a significant role in assuring the reliability and economic viability of our country's energy supply system. This is particularly true for our natural gas and electricity supply systems. There are several issues here that are of particular concern to me that I would like to highlight at this time.

The capability for timely action by the Commission is critical, but this requires an adequate, qualified staff. Much of the Commission's work is paid for with offsetting fee collections. The President's budget for fiscal year 1987 proposes $78.75 million in offsetting fees, of which $26.5 million would be derived from new charges under legislation already proposed by the administration but not yet enacted.

The reason I mention this is that the Gramm-Rudman-Hollings Act sequester is applied on the basis of total program activity, not after offsetting collections; therefore, there is a possibility that fees may be collected for services that are sequestered, and the greater the fees the greater the amount sequestered.

This is important because it could have a major effect on regulatory agencies such as the Commission, and I am sure that the implications could be significant.

With that, Mr. Chairman, I know you would intend to address the matter and other issues here today. Let me welcome you on this first day that you will testify as Acting Chairman of FERC.

STATEMENT OF HON. ANTHONY G. SOUSA, ACTING CHAIRMAN, FEDERAL ENERGY REGULATORY COMMISSION, ACCOMPANIED BY WILLIAM G. McDONALD, EXECUTIVE DIRECTOR; WILLIAM H. SATTERFIELD, GENERAL COUNSEL; MARK ROBINSON, CHIEF, BIOLOGICAL RESOURCES BRANCH; AND KEN WILLIAMS, DIRECTOR, OFFICE OF PIPELINE AND PRODUCER REGULATION

Mr. Sousa. Thank you, Mr. Chairman.

Mr. Chairman and members of the committee, I appreciate this opportunity to discuss the Federal Energy Regulatory Commission Fiscal Year 1987 budget request with you today.

Just a few weeks ago I learned that I would be the Acting Chairman, and so I ask your indulgence if I am not as familiar as I would like to be with this budget. I have tried to make myself familiar with it, but I do have with me Mr. William McDonald, the Commission's Executive Director, Mr. William Satterfield, the general counsel, and other directors of the program offices who will be available to assist me in answering your questions.

Also, I would like to assure you, Mr. Chairman, that if we do not have the answer here we will provide them for the record in writing.

The Commission's 1987 budget request is $99.1 million, of which $78.8 million would be offset from revenues from fees and annual charges. The request is an increase of $4,336,000 above our 1986 appropriation as reduced under the requirements of the Emergency Deficit Reduction Act of 1985; in other words, the Gramm-Rudman-Hollings Bill. Prior to the application of the reductions, our 1987 request reflected a basically level budget over 1986 with an increase of only $227,000.

The Commission will reduce staffing levels and associated expenses in 1986 to accommodate the Gramm-Rudman-Hollings reductions. Our 1987 budget request of $99.1 million meets the deficit reduction targets for the budget year.

The Commission is involved in a vastly changing energy environment, and it is using two approaches to manage this change. First, we are adapting the regulatory framework to changing energy markets to ensure the public the continuation of an adequate and reliable supply of energy at the lowest reasonable rates. Second, we are improving the internal operations of the Commission to be more responsive and timely.

Over the past 2 years the Commission has been confronted with an evolving competitive market in the commodity of natural gas. Most natural gas supplies, as a result of the Natural Gas Policy Act, are no longer subject to Federal regulation as to market entry, exit and price. However, the integrated transportation network, which is monopolistic in some markets and competitive in others, is still generally subject to Federal regulation. Accordingly, in October 1985 the Commission issued Order No. 436 which retains and revises utility-type regulation over the interstate transportation function while allowing the commodity market for natural gas to continue to develop in a competitive fashion.

When the Commission issued Order No. 436, we decided not to implement the proposed block building mechanism under which certain gas supplies would be billed separately from all other gas supplies. Instead, we renoticed the proposal, calling for additional comments and held further hearings on December 11 and 12 of last year. The Commission is currently reviewing that record.

The Secretary of Energy has also proposed revisions in the way old gas is regulated. In his proposal, the Secretary suggested that old flowing gas prices be set at a single level equal to the highest ceiling price available at the time. The Secretary requests final action by June 1, 1986. On December 20, 1985, the Commission established a procedural schedule to address the Secretary's proposed rulemaking with comments due by February 25, 1986.

The Commission has embarked on an ambitious natural gas program and will require $45.2 million in fiscal year 1987 to stay abreast of the rapidly changing conditions and reduce pending workload by more than 33 percent from fiscal year 1985.

Major changes have also occurred in the Commission's hydropower program. These changes, which are primarily the result of court decisions, have necessitated a complete reconsideration of many long-held principles underlying the program, especially in the area of environmental review.

In response to what amounted to a judicial redefinition of our role, the Commission, after much study and voluminous public comments, established on a trial basis a new procedure, the cluster impact assessment procedure, known as CIAP, for evaluating the environmental impact on a river basin with many proposed hydropower projects.

In April 1985 the Commission approved the commencement of the CIAP in the Salmon, Snohomish, and Owens River basins. We have completed the first two phases of each of these studies and are proceeding on schedule. Upon completion of these studies, the Commission will evaluate the effectiveness of this approach.

As we look at the future planning for the hydropower program, the Commission will be faced with a growing workload due, in part, to the issue of relicensing and to legislation that has stimulated development. We will need $29.4 million for this program in fiscal year 1987 to process our workload in an expeditious manner and pare the pending workload by 15 percent.

In the oil pipeline regulation program the Commission is faced with a new procedure that will require a more lengthy and complex review process, resulting in more formal rate cases and in a projected doubling of pending workload in the oil program by the end of fiscal year 1987.

The electric utility industry that FERC regulates also is experiencing changes to which the Commission is attempting to respond. Last year we continued to pursue a generic approach to the rate of return issue in order to expedite rate cases. Also, we initiated a broad, two-phase notice of inquiry into the way we regulate the industry.

Our concern is that regulation encourage and not impede the efficient generation, transmission and distribution of electricity. The first phase addresses our regulation of coordination transactions and transmission service. The second phase addresses our regulation requirements transactions.

Many complex issues affecting the electric utility industry will have to be addressed in fiscal year 1987, such as least cost supply options, pricing and efficiency in the bulk power markets. We will need $20.4 million for this program so that we may adequately address and resolve these and other issues that are so vital to the future health of the industry and its consumers.

I would now like to turn to the management of the agency itself. Last year we were able to report that staff productivity increased by 20 percent. This past year we continued to improve our productivity by achieving an additional 7 percent, and we have established 5-percent average annual targets for fiscal year 1986–87. It is important to consider these numbers in light of the fact that private sector annual productivity improvement rates are in the neighborhood of 1 to 2 percent. Through these productivity gains, we have been able to reduce substantially the number of backlogged cases while actually reducing the size of the staff over the past 3 years.

Productivity improvement is one factor which contributes to the efficient operation of the Commission. Another is the continued pursuit of a $1.4 million reduction in administrative costs which served to offset the cost of inflation and part of the costs of increased environmental studies.

Another factor is increased revenues, which in effect reduces the agency's net cost to the taxpayer. In May 1985 the Commission sent to Congress increased fees and annual charges legislation which could result not only in totally offsetting the Commission's appropriation but more important in contributing an additional $50 million annually to reducing the deficit.

Finally, there is an administrative matter arising under the Equal Access to Justice Act that I would like to bring to your attention, Mr. Chairman. Two U.S. Courts of Appeal have awarded attorneys' fees and expenses to intervenors in two cases: Washington Urban League versus FERC; and Papago Tribal Utility Authority versus FERC.

However, sections 305 and 502 of our Appropriations Acts of fiscal years 1984, 1985, and 1986 prohibit the use of appropriated funds to pay the expenses of or otherwise compensate parties intervening in Commission proceedings; therefore, we are seeking special permission to pay the two court awards from our appropriations. This payment problem may also arise in other proceedings that are currently pending before the courts.

In summary, Mr. Chairman, the Commission's goal is to bring order to a rapidly changing energy environment while contributing its fair share to meeting the deficit reduction targets of the administration and the Congress. Our fiscal year 1987 budget request of $99.1 million is the Commission's commitment to this difficult task.

My staff and I are available to answer any questions you may have.

[The prepared statement of Mr. Sousa follows:]

STATEMENT OF
ANTHONY G. SOUSA
ACTING CHAIRMAN, FEDERAL ENERGY REGULATORY COMMISSION
BEFORE THE
COMMITTEE ON ENERGY AND NATURAL RESOURCES
UNITED STATES SENATE
February 19, 1986

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I appreciate this opportunity to discuss the Federal Energy Regulatory Commission (FERC) fiscal year 1987 budget request with you today. I am accompanied by Mr. William G. McDonald, the Commission's Executive Director, and by the Directors of the Commission's offices who will be available to assist me in answering your questions.

BUDGET OVERVIEW

The FERC's FY 1987 budget request is $99.1 million and 1,659 FTE's; $78.8 million would be offset by revenues from fees and annual charges. The request is an increase of $4,336,000 above our FY 1986 appropriation as reduced under the requirements of the Emergency Deficit Reduction Act of 1985 (Gramm-Rudman-Hollings). Prior to the application of the FY 1986 reductions, our FY 1987 request reflected a level budget, with an increase of only $227,000 over FY 1986.

The FERC has reduced staffing levels and associated expenses in FY 1986 to accommodate the "Gramm-Rudman-Hollings" reductions. The FY 1987 budget request of $99.1 million meets the deficit reduction targets for the budget year.

MANAGING CHANGE IN THE REGULATORY ENVIRONMENT

During the last two years, the FERC has been involved in a vastly changing energy environment. Our objective has been to recognize the need for greater managerial and operational flexibility to deal with those changes in a way that comports with our statutory responsibilities. To that end, the Commission has focused on two approaches to managing change: first, adapting the regulatory framework to changing energy markets to ensure the public the continuation of adequate and reliable supplies of energy at the lowest reasonable rates; and second, improving the internal operations of the Commission to be more responsive and timely.

With respect to the regulatory framework, the FERC has recognized the changing environment in several recent actions. In the natural gas industry the single most important economic change has been that natural gas has become a separate and distinct energy commodity. Moreover, this commodity is increasingly viewed as distinct from natural gas transportation, storage, and other services. In addition, the pipeline industry has matured, and there is now an interconnected nationwide pipeline grid, involving both interstate and intrastate pipelines. The Commission is confronted with a generally competitive wellhead market for natural gas, most of which has been removed by Congress from Federal regulation as to market entry, exit, and price. However, we are also confronted with an interstate gas pipeline network, monopolistic in some markets, competitive in others, over which Congress has generally determined to retain utility-type regulation as to market entry, exit, and price.

Accordingly, the Commission, in its Order No. 436 issued in October 1985, is attempting to adjust the regulatory framework for natural gas in ways which retain and revise utility-type regulation over the interstate transportation function and allow the commodity market for natural gas to continue to develop in a competitive fashion. In this way, regulation will allow competitive forces to operate in those areas where Congress has determined they will protect the public interest better than traditional utility-type regulation. On the other hand, we will retain traditional regulation in those areas where competitive forces have been found inadequate by the Congress.

Major changes have also occurred in the direction of the Commission's hydropower program. These changes, which are primarily the result of recent court decisions, have necessitated a reconsideration of many long-held principles underlying the program. The result has been to devote considerable effort to reviewing the existing licensing program and seeking ways to maintain an administrative approach that is smooth and efficient, yet legally sound and capable of withstanding judicial review.

Finally, the electric industry is in the midst of a transition that may result in significant structural change, especially in the generation sector, where competition is becoming more apparent. This competition is being stimulated by regional and Canadian power surpluses; the growth of cogeneration and small power production as a result of the Public Utility Regulatory Policies Act (PURPA); and interfuel competition. Since the FERC recognizes the need for regulatory predictability in the management of change, we are in the midst of re-examining our policies and strategies.

Last year, we initiated a broad, two-phase Notice of Inquiry concerning our jurisdictional regulation of the electric utility industry. We are concerned that our regulatory policies be appropriate to the changes taking place and have solicited comments on modifications to our policies which will better promote the public interest. The first phase of the Notice addresses our regulation of coordination transactions and transmission service. The second phase addresses our regulation of requirements transactions.

With respect to internal operations, the Commission has made considerable progress in managing its workload, both through standard managerial techniques as well as innovative uses of data processing. As a result, productivity has increased significantly over the past 2 years -- improving by more than 25 percent.

The Commission's FY 1987 budget reflects the evolving, external environment and improved internal operations as well as recent judicial interpretations of Commission responsibilities. In FY 1987, we will emphasize the management of the changing workload fashioned by external changes in the natural gas, hydropower, oil pipeline, and electric rate programs.

NATURAL GAS REGULATION

The FERC's FY 1987 budget request includes $45,174,000 to support the natural gas regulation program. This level reflects a decrease of $1,057,000 from our FY 1986 appropriation and highlights our efforts to limit spending where possible, while continuing to carry out our regulatory responsibilities efficiently and effectively. Pending natural gas workload is projected to be reduced at the end of FY 1987 by more than 35 percent from the FY 1985 level.

Under the Natural Gas Act (NGA), the FERC regulates the rates that interstate pipelines charge for the transportation and sale for resale of natural gas in interstate commerce. The Commission has a statutory responsibility to ensure that these rates are just and reasonable. The Commission also has a continuing regulatory responsibility over gas producers for approximately 50 percent of the total volume of gas produced. In the pipeline certificate area, the Commission reviews the construction and operation of new or expanded interstate pipeline facilities, and the abandonment of existing facilities, to determine whether such certification or abandonment is in the public interest.

The Commission also administers the wellhead pricing program for natural gas established by the Natural Gas Policy Act (NGPA) of 1978. When the NGPA was passed 8 years ago, it was described as being a comprehensive statute to govern future natural gas regulation. In adopting the NGPA, one of Congress' purposes was to eliminate the dual market that distinguished between interstate and intrastate sales of natural gas. This integration of the two markets was to be established by a scheme of gradual removal of federal price controls over natural gas at the wellhead (NGPA Title I and section 601(a)(1) and (b)(1)) and by the provision for more efficient transportation of natural gas (NGPA Title III and section 601(a)(2)).

In short, the NGPA set in motion a gradual transition from a regulatory scheme in which interstate natural gas was subject to federal regulation from the wellhead to the city-gate to a scheme whereby wellhead and burner-tip prices are increasingly set by competitive market forces, even though interstate pipelines remain subject to regulation under the NGA.

Developments over the last 6 years have moved the natural gas industry significantly along in this transition. Since 1978, wellhead prices have risen, encouraging the development of new supplies of natural gas. At the same time, rising prices have provided incentives for users of gas to conserve, employ more fuel-efficient equipment, or even shift to alternate fuels, thereby cutting back on demand. After the sharp increases from 1978 to 1982, average wellhead prices stabilized in early 1983 and have remained relatively stable during the last 2 years.

One result of the rapid supply and demand changes under the NGPA was the appearance in 1982 of a substantial surplus of gas deliverability. This surplus translated into significant take-or-pay exposure for many interstate pipelines. As the price of natural gas in the "spot" or short-term markets fell below the price of gas in the long-term or "contract" market, demand for transportation services also tended to increase.

Equally significant have been changes that have occurred at the other end of the pipeline. Economic forces, in the form of declining oil prices and improvements in electricity-using technologies, have created strong and viable competition for end users in many markets previously dominated by natural gas. The combined effects of the above referred to changes in gas supplies and markets have been to increase competition at both ends of pipelines.

The competitive pressures on wellhead prices caused by partial wellhead deregulation continue to grow and have become even more evident since January 1, 1985, when additional wellhead prices were decontrolled. Demand for transportation services to reflect the growing competition at both wellhead and burner-tip can also be expected to increase. Greater customer access to alternate suppliers and/or transporters of gas is giving rise to innovative marketing strategies both by new entrants to the natural gas sales business as well as by traditional suppliers. Changes in the way risks are shared, more open access to transportation and concomitant changes in service agreements, and new gas purchase policies are reflections of and responses to fundamental changes which have already occurred in natural gas markets. These new ways of doing business in response to market forces have had important implications for the way the industry is regulated, and have made necessary proposals for timely regulatory adjustments.

On December 24, 1984 and January 19, 1985, the Commission issued Notices of Inquiry in Docket No. RM85-1-000 to gather information regarding an appropriate regulatory response to the changing conditions in the natural gas industry. On May 30, 1985, the Commission issued a Notice of Proposed Rulemaking (NOPR), and on October 9, 1985, the Commission issued Order No. 436 which promulgated a final rule. The NOPR included a "block billing" proposal which would have required that gas supplies subject to the maximum lawful prices of NGPA categories 104, 106(a) and 109 be billed separately from all other gas supplies. When the Commission issued Order No. 436, it renoticed the block billing proposal, requesting additional written comments, and held further hearings on December 11 and 12. The Commission is currently reviewing that record.

The overall goal of the final rule is to adjust the FERC regulation of interstate transportation of natural gas to ensure that consumers are provided choices to obtain natural gas at market responsive prices. To bring this about, the changes are designed to allow efficient market principles to operate as much as possible within the statutory guidelines of the NGPA and the NGA.

Specifically, there are three major points in the Commission's regulatory changes contained in the final rule. A simplified transportation program is established which requires nondiscriminatory access. In addition, as a condition to authorizing transportation of gas for others, pipelines must offer their customers the opportunity to reduce their contract demands. Customers exercising this option will be able to choose more freely among service options offered by pipelines.

Second, the regulations provide for rate consideration of negotiated "buyouts" of future take-or-pay obligations, under limited circumstances. The rule also provides for the expedited processing of producer abandonment applications.

Third, a new optional expedited certification procedure is offered to pipelines willing to assume the risk of new ventures. Because pipelines would knowingly assume the risks involved, competing applications may be granted, thereby providing customers additional choices in a more competitive market.

Since issuing Order No. 436, the Commission has expeditiously reviewed and resolved several implementation issues relating to gas transportation. For example, the Commission has issued clarification orders permitting certain gas transportation transactions to continue for a transitional period where parties have invested substantial sums in reliance on the availability of the old transportation program. In addition, in Order Nos. 436-A and 436-B, the Commission has postponed the "trigger" date for the CD adjustment options under Order No. 436 in order to provide sufficient time for the restructuring of commercial arrangements under the rule. Finally, the Commission has attempted to process individual transportation applications under NGA section 7 in a timely way, in order to permit pipelines to provide separate transportation services where they have chosen not to provide transportation under Order No. 436 at this time.

Several pipelines have taken steps to participate in the Order No. 436 transportation program. Nine pipelines have filed applications for blanket transportation certificates, while two others have filed settlements which claim to include transportation service pursuant to Order Nos. 436. We believe that an evolution toward flexible, nondiscriminatory transportation and greater competition in gas markets is occurring.

In addition to the Commission's regulatory initiatives, on November 19, 1985, the Secretary of Energy submitted a proposed rulemaking (RM86-3-000) to the Commission for consideration. The Secretary proposed that the Commission, under sections 104 and 106 of the NGPA establish just and reasonable prices for "flowing" old gas to eliminate vintaging and replace the current myriad of old gas ceiling prices with a single ceiling price (the ceiling price for post-1974 gas). The Secretary also requested that the Commission establish, in accordance with Section 107 of the NGPA, incentive prices for certain categories of old gas, in order to increase significantly the production of old gas and to encourage long-term investment in natural gas exploration, development, and production. Under DOE's proposal, a producer would receive a price higher than the current price only if a purchaser agreed to the higher price. The Secretary requested that the Commission take final action on this proposal by June 1, 1986. On December 20, 1985, the Commission established a procedural schedule for addressing the proposed rulemaking issued by the Secretary. Comments are due to the Commission by February 25, 1986. A public conference on the rule will be scheduled later.

The Commission has embarked on an ambitious program and will require sufficient resources to ensure successful implementation. One of the most significant management initiatives the Commission has undertaken since its inception in 1977 is the development of an automated natural gas pipeline rate model. This model enables the Commission staff to analyze quickly, in summary form, the hundreds of pages of exhibits and schedules submitted with each rate filing by the 135 jurisdictional, interstate pipeline companies. Natural gas pipeline companies file rate and tariff change applications about every 15 to 18 months. During FY 1986 and FY 1987, approximately 200 new filings will be received. As the number of filings that enter the system grows, the staff will be able to perform automated comparisons of previous filings and industry-wide trend data. Eventually, this will lead to the submission of machine-readable rate filings of applicants, which should further enhance productivity.

In the pipeline certificate area the FERC is expecting additional applications relating to increased transportation activity and customer contract demand adjustments, as well as increases in formal cases due to protests to proposed revisions to existing gas service curtailment plans.

The producer program areas will experience some increases in filings because of increased abandonment activity resulting from the new rule in Order No. 436. More important, the Commission's activities in these program areas are expected to increase over the shorter term as we address the Secretary of Energy's proposed rulemaking on wellhead pricing.

HYDROPOWER LICENSING

The FERC budget request contains $29,343,000 to support the hydropower licensing program. This is an increase of $1,353,000 over the FY 1986 appropriation and is attributable in most part to expanded responsibilities for environmental review on a timely basis. With the resources requested, the Commission will complete 1,736 licensing workload items and 1,788 dam safety inspections. Pending workload will decline by 15 percent.

When Congress passed the Federal Water Power Act of 1920 -- which in 1935 became Part I of the Federal Power Act -- the Nation's hydropower resources were largely undeveloped. The regulatory scheme established by Congress was designed to facilitate expeditious development of hydropower while at the same time protect Federal interests in navigation and reserved lands. The Commission received recommendations from fish and wildlife agencies pursuant to the Fish and Wildlife Coordination Act passed by Congress in 1934, but licensing authority was exercised solely by the Commission under the broad responsibilities conferred by Congress in the 1920 Act.

In the 1960's, Congress began to overlay environmental legislation on the licensing process. Some pieces of legislation -- like NEPA -- were broad and procedural in nature, but most -- like the Wild and Scenic Rivers Act, the Endangered Species Act, and the Clean Water Act -- focused narrowly on substantive issues.

In the late 1970's, Congress decided to encourage further development of hydropower, especially small hydropower, thereby setting in motion what has been called the "hydro-rush." Congress passed the Public Utility Regulatory Policies Act requiring utilities to purchase power at "avoided cost" rates from qualifying facilities, and further enhanced the economic feasibility of small hydropower by changing the tax code to permit energy and investment tax credits and accelerated depreciation of capital expenditures.

In 1984, three court decisions altered the direction of the Commission's hydropower program. The U.S. Supreme Court's Escondido decision held that authority over hydropower development is not solely in the hands of the Commission, but rather is dispersed among several Federal agencies. The Tulalip case overturned the Commission's "natural water feature" rule, thus limiting the sites that can qualify for an exemption from licensing. The Yakima case limited the Commission's use of so-called "open-ended" conditions, which had been used to postpone resolution of certain types of project-related problems until sufficient data could be compiled to support a reasoned decision.

During this past year, the U.S. Court of Appeals for the D.C. Circuit issued a decision in the Clark-Cowlitz case, which reversed the Commission's opinion regarding municipal preference in a relicensing proceeding, and held that municipalities have preference over the original licensee of the project. On January 17, 1986, the court granted rehearing en banc and vacated its decision.

In addition, during 1985, the Commission implemented on a trial basis new procedures for evaluating the environmental impact of proposed hydropower projects. For the past 65 years the Commission has considered projects for licensing on a case-by-case basis. In January 1985, the Commission requested comments on its staff's proposal to evaluate the environmental impacts associated with "clustered" projects that may have significant potential for affecting common natural resources in a river basin. Approximately 150 comments were submitted. In April 1985, the Commission approved the staff's approach and directed the staff to apply the cluster impact assessment procedure in the basins of the Salmon, Snohomish, and Owens Rivers as tests of this procedure.

The hydropower program has grown dramatically in scope and importance over the past several years and the Commission has taken steps to improve its overall management. For example, the Commission recently instituted a generic issue tracking and monitoring system to analyze projects delayed beyond normal processing time.

On November 1, 1985, the Commission opened a new regional office in Portland, Oregon, and closed its Fort Worth office. This new office will respond to the growing interest in hydropower development in the Northwest. The Portland office will be responsible for inspecting operating projects, as well as those under construction in the states of Washington, Oregon, Idaho, Wyoming, Montana, and Alaska. In addition, this office will serve as a point of contact with other agencies including the Northwest Power Planning Council.

The Commission is also in the process of developing a modular license system. The modular license serves two purposes: (1) standardizing the format for the order that issues a license; and (2) establishing new procedures for preparing the order. We believe this new approach will reduce the workload for professional and support staff by shortening the length of time to prepare and issue orders. This action will increase the number of cases decided. A second advantage to this method is that the standardized format will clarify the technical issues associated with issuance of a license.

With respect to the Dam Safety Inspection Program, the workload has increased significantly as a result of the large number of licenses issued for new capacity hydroelectric projects. For example, between FY 1981 and FY 1984, the number of construction inspections increased 103 percent. This rate of increase is leveling off, but the inspection workload is continuing to increase. In FY 1987 the Commission plans to complete 1,788 dam safety inspections.

As we look at future planning for this program, the Commission will be faced with a growing workload due in part to legislation that has stimulated development of hydropower resources. For instance, in the new capacity license area we received 48 applications in December, twice as many as received for all of FY 1979. For the first quarter of FY 1986, the Commission received 67 new capacity applications, which is approximately 35 percent of the number of applications we anticipate receiving for all of FY 1986.

OIL PIPELINE REGULATION

The Commission's request totals $4,139,000 in the oil pipeline regulation program, an increase of $357,000 from the FY 1986 appropriation. The Commission regulates oil pipeline companies engaged in interstate commerce in order to ensure just, reasonable, and nondiscriminatory tariffs. During FY 1987 it is projected that nearly 1,600 workload items will be completed. The additional funds requested are necessary to accomplish the increased formal rate activity as a result of the issuance of Commission Opinion 154-B in the Williams Pipeline Company case.

Opinion 154-B, issued on June 20, 1985, provided for a new rate base methodology which requires a transition rate base for assets devoted to common carrier operations prior to the issue date of the opinion and a trended original cost rate base for assets devoted to common carrier operations after the issue date of the opinion. This approach replaces the valuation methodology established by the Interstate Commerce Commission. The new methodology requires a case-by-case determination that any requested rate change is just and reasonable. This new procedure will require a more lengthy and complex review process resulting in a projected doubling of pending workload in the oil pipeline program by the end of FY 1987.

In October 1985, the FERC approved a settlement resolving several longstanding disputes involving the Trans Alaska Pipeline System (TAPS). The settlement resolved a rate case dispute which began in 1977 and resulted in a record totaling more than 60,000 pages before the Commission.

The Commission also must review the Department of Energy's oil pricing Remedial Orders and Adjustment Request Denials. In Order Nos. 417 and 421 issued during FY 1985, responsibility for these activities was transferred from the Office of the General Counsel to the Office of the Administrative Law Judges. This transfer was made to expedite the processing of these items.

ELECTRIC POWER REGULATION

This budget request includes $20,423,000 for the electric power program. This is a decrease of about 2 percent or $426,000 from the FY 1986 level. Both the funding and staffing levels for this program are projected to remain at nearly the same level for all 3 years, FY 1985 through FY 1987. Under the FPA, the FERC regulates interstate transmission and wholesale sales of electricity by more than 200 investor-owned utilities. In the last 3 years, the Commission has initiated several actions that broadly affect the electric utility industry.

In the summer of 1983, the Commission changed its ratemaking treatment of construction work in progress (CWIP) in setting utility rates. Under the new rule, the Commission began allowing rate filings to include up to 50 percent of CWIP in rate base. However, a few months ago, the U.S. Court of Appeals for the D.C. Circuit vacated and remanded the CWIP rule to the Commission. The Commission is now reviewing that decision.

The Commission also initiated an annual generic rate of return proceeding. Under the generic approach, the Commission established an initial benchmark rate of return for the industry of 14.46 percent.

Although these benchmark rates of return will only be advisory for the first two annual proceedings, they will become presumptively applicable to all rate filings beginning with the third annual proceeding, meaning they will be binding unless the parties settle on a different rate of return, or unless the

Commission finds the utility to be significantly more or less risky than the industry average.

This new generic procedure will enable the Commission to respond better to rapidly changing capital market conditions, and, for the first time, create a national forum for evaluating annually the financial condition of the entire electric utility industry. The benchmark for the most recent quarter was set at 13.66 percent for filings made from November 1985 through January 1986.

The prudence of construction costs, especially with respect to abandoned plants, is a very sensitive concern of the electric utility industry, its customers, and the Commission. As a general proposition, a utility may not recover costs that were not prudently incurred. Last year in the NEPCO case, we enunciated a prudence test for recovering construction costs of an abandoned plant. That test is whether the costs are ones which a reasonable utility would have made, in good faith, under the same circumstances, and at the relevant point in time.

Allocation of costs among participating utilities is another major issue. One case is the Grand Gulf case, in which the Commission decided that the four operating companies of the Middle South Utilities System must share proportionately to their system demand all of the costs of the system's nuclear capacity, including the costs of Grand Gulf Unit No. 1. The Commission's Grand Gulf decision has been appealed; the court has established an expedited schedule with arguments set for March 24.

The Commission has taken another a major step in the electric area in view of the many changes that have taken place in the industry. Last May, we initiated a broad Notice of Inquiry (NOI) into our regulation of the electric utility industry. Our concern is that regulation should encourage, and not impede, the efficient generation, transmission, and distribution of electricity.

The first phase of the NOI addresses our regulation of coordination transactions and transmission service. The second phase of the NOI addresses our regulation of requirements transactions. The main thrust of the NOI is pricing, largely because pricing is the primary focus of FERC's jurisdiction over wholesale electricity transactions.

We invited comments on two alternatives to current Commission pricing policy. Under the first approach, the Commission would set a ceiling price equal to the buyer's decremental cost. The second alternative would allow any negotiated or market-determined rate, if sufficient competition exists.

A very significant policy issue here is the relationship between risk and the benefits of coordination trade. Currently, the Commission allows benefits to be shared by the selling utility and the purchasing utility. Yet it is generally the selling utility and its customers who have borne the risk associated with that utility's investment in generating plant. The Commission has asked for comments on how the benefits of coordination transactions ought to be divided between the selling and purchasing utilities.

A second important issue is how the revenues resulting from coordination sales should be distributed between shareholders and requirements customers. As you know, the Commission directly regulates the rates charged for the transmission of electricity in interstate commerce. Many of the questions and issues raised in connection with coordination sales also apply to transmission service pricing. We are especially concerned that the pricing policies we adopt will lead to efficient levels of investment in transmission and generation facilities. The Commission does not certificate new facilities under the FPA and, as a consequence, its pricing and other policies carry a heavy burden in signaling the need for new investment.

Changes in Commission policy in both of these areas -- coordination sales and transmission services -- have been implemented on an experimental basis in the bulk power market experiment in the Southwest United States. What we now wish to examine, based on comments and hearings, is whether it would be appropriate to make these two changes more generally available.

The second phase of the NOI, dealing with the pricing of requirements sales, focuses on two major aspects of the Commission's regulation: (1) should the prices charged requirements sales vary by time of use, and (2), if so, should they be based on marginal costs? We are asking these questions because there seems to be general agreement that the cost of producing electricity varies by time-of-day and season of the year. We see little of this variation in the rates that are filed with us. The

Commission believes that utility customers should be able to make sound investment decisions based on correct price signals for their energy consumption.

And finally there is the issue of risk. Specifically, who should bear the risk of utility operating and investment decisions? Any policy decision the Commission makes involves an implicit or explicit judgment about how risk should be shared between utility stockholders and customers. We will be examining risk issues in a fairly general fashion in the NOI process.

The Commission has also taken steps to improve processing of formal electric rate cases. In Rule 717, the FERC established procedures for routine cases in which a presiding administrative law judge can reconsider aspects of his initial decision before the parties raise their objections to the Commission. This is intended to speed-up the process by allowing the judges to correct errors identified by the parties. In conjunction with Rule 717, the Chief Administrative Law Judge also has placed about half of the designated Rule 717 cases under so-called "fast-track" schedules. The overall objective of the reconsideration procedures and the expedited scheduling is to process routine formal rate cases in 52 weeks or less.

Many complex issues affecting the electric utility industry will have to be addressed in FY 1987, such as least-cost supply options, pricing methods, and efficiency in the bulk power markets. The resolution of these questions is vital to the future health of the industry and the consumers that it serves.

The Commission will continue to process its existing workload in an expeditious and efficient manner. With the requested level of resources, action will be completed on 1,758 workload items, reducing the pending level by 11 percent from FY 1985.

MANAGEMENT IMPROVEMENTS

Last year the FERC was able to report that staff productivity had been increased by 20 percent in FY 1984. We are able to report this year that we have continued our productivity enhancement efforts by an additional 7 percent improvement in FY 1985. It is important to consider these numbers in light of the fact that private sector annual productivity improvement rates are in the neighborhood of 1 to 2 percent.

There are many factors that allow us to accomplish these high productivity increases; however, the major factor is that productivity improvement is a primary FERC goal. The Executive Director conducts monthly meetings in which more than 140 workload categories are reviewed. Workload problems are identified early in these management meetings so that corrective action can be taken quickly. Similarly, the Office of the General Counsel has in place a computerized agenda scheduling and litigation tracking system under which the Commission's advisory and trial staff can more efficiently schedule and process the annual caseload. Finally, productivity goals are written into Senior Executive Service performance plans. Improvement goals for FY 1986 and 1987 have been set at 5 percent each year.

FEES AND CHARGES

In addition to improving productivity, which effectively offsets our resource requirements, the FERC has undertaken measures to increase fees and annual charges in order to reduce FERC appropriations. Our revenue estimate for FY 1987 is $78.8 million resulting in an 80 percent offset to our appropriation. This is an increase in revenues of $29 million over our FY 1986 estimate. The bulk of this increase, $26.5 million, can be attributed to the inclusion of estimated revenue from new annual charges legislation such as was proposed in H.R. 3500. This legislation would allow the Commission to impose annual charges to jurisdictional natural gas pipelines, oil pipelines, and electric utilities. Under current law, the Commission collects annual charges from hydropower licensees only. I feel it is of utmost importance for new legislation to be passed to apply annual charges to the other energy regulatory programs in order to achieve equitable cost recovery.

There are also other initiatives which have been included in our revenue estimates for FY 1986 and FY 1987. One initiative resulted from a study of the FPA which states that the FERC is required to collect annual charges from hydropower licensees to cover the costs to the Federal Government of administering the act. To date, we have been collecting only the costs incurred by the Commission. Therefore, we have contacted several other Government agencies for their costs in administering this act. These costs will be included in developing the annual charges to hydropower licensees. This initiative could increase our revenue by $2.3 million.

Another initiative which we have factored in the FY 1987 estimates results from a proposed rulemaking which provides various methods of assessing Federal land use charges. Under the current regulation, the Commission is undercharging licensees because the land value and interest rate used in the computations are not up-to-date. We have included an additional $220,000 in our revenue estimates based on revising the assessment method.

In FY 1986 we issued new fee rules which are estimated to increase our revenue by $1.5 million in the gas and electric programs. In addition, new fees are also being considered in the hydropower and oil programs. One of the Commission's goals is to reduce energy regulatory costs to the U.S. Treasury through the collection of fees and annual charges. We have made strides in increasing revenue from $42.8 million in FY 1985 to an estimated $49.5 in FY 1986, a 16 percent increase, and we are continuing our efforts to reach this goal. But we will need new legislation to extend annual charges to the natural gas, oil pipeline, and electric power programs in order to meet our out-year estimates of revenue.

EQUAL ACCESS TO JUSTICE ACT

There is an administrative matter that I would like to call to the attention of the Committee. I am seeking special permission to pay attorneys' fees of $18,000 awarded by the United States Court of Appeals for the Third Circuit in Washington Urban League v. FERC, 743 F.2d 166 (3d Cir. 1984) and $17,083.75 awarded by the District of Columbia Circuit Court in

Papago Tribal Utility Authority v. FERC, No. 83-1656 (D.C. Cir., Jan. 10, 1986). The courts awarded these fees to intervenors under the Equal Access to Justice Act, 28 U.S.C. § 2414(d)(1)(A) (EAJA).

Under EAJA, intervenors may receive attorneys' fees and expenses if they prevail against the Government and meet certain other standards. However, sections 305 and 502 of the Energy and Water Development Appropriation Acts of FY 1984, FY 1985, and FY 1986 prohibit the use of appropriated funds to pay the expenses of, or otherwise compensate, parties intervening in regulatory or adjudicatory proceedings funded in those Acts.

The Commission sought guidance from the General Accounting Office (GAO) after the Third Circuit made the initial award, which reflected a negotiated settlement amount, to the Washington Urban League. On September 19, 1985, we received a written response from Sharon S. Green, Chief, Adjudication Branch, GG/D Claims Group. The GAO letter concluded that neither agency funds covered by annual appropriations nor the permanent judgement appropriations in the U.S. Treasury is available to pay the League's award, and that the FERC either has to satisfy the award from available unrestricted funds or seek a special appropriation from Congress. At the same time, the letter also acknowledged that the Third Circuit's judgement is valid. It is noteworthy that while the GAO opinion is signed by a member of the staff, it relies on a recent formal opinion of the Comptroller General. 62 Comp. Gen. 692 (1983).

After receiving the GAO letter, the Commission determined that it does not have a source of unrestricted funds, even from prior years. Therefore, we seek Congressional permission to pay the Third Circuit's award in the Washington Urban League case, as well as the judgement of the District of Columbia Circuit in Papago, from our appropriation.

The issue of paying intervenors may also arise in other proceedings that are currently pending before the courts. Consequently, this may be a recurring problem, particularly in view of the 1985 EAJA amendment that requires awards to be paid from agency appropriations.

SUMMARY

The nature of a regulated enterprise has traditionally been one of constancy and predictability. However, it is increasingly evident that change is becoming the main focus for many regulated businesses.

What types of approaches may be successful in adapting regulation to these changes?

First, the demand for greater flexibility in price and service will put pressure on traditional judicial-type, case-by-case resolution of many regulatory issues. Therefore, increased reliance on more expeditious procedures may be necessary. Generic rules can be promulgated, allowing greater flexibility for parties to engage in transactions on a self-implementing basis. The current regulatory practices at the Federal level for dealing with bulk power purchases and natural gas transportation are already moving rapidly along this path.

The tight administrative control over businesses entering new markets and leaving old markets will continue to relax. Again, we may see increased use of generic rules within which companies have much greater flexibility to react to changing business conditions.

The need for regulatory changes may require reconsideration of legal precedents laid down in a very different business environment. In some instances, legislative change may also be required.

The fruits of change are uncertainty and opportunity. The task of the regulator is to restructure the regulatory framework to minimize the risks of uncertainty while allowing innovative utilities to seize the evolving opportunities.

Overall, this budget request of $99.1 million and 1,659 FTE's represents the Commission's commitment to addressing the complex issues of change while contributing its fair share in meeting the deficit reduction goals of the Administration and the Congress.

My staff and I are available to answer any questions you may have.

The CHAIRMAN. Thank you very much, Mr. Chairman.

If I recall the evolution of the basinwide EIS issue and the decision of FERC to enter into cluster statements, that really was not directly ordered by a court, was it not? It was the Commission's decision as the way in which you would meet a requirement.

Mr. SOUSA. That is correct, Mr. Chairman.

The CHAIRMAN. Your statement either implied or stated that it was driven by court order, and actually it was driven by threat of a court order, and it was your response, as I recall, that was initiated by the Commission.

Mr. SOUSA. That is correct, Mr. Chairman. We have had several court decisions that have affected the Commission in its regulatory authority, but the CIAP procedure was a Commission-devised procedure.

The CHAIRMAN. I appreciate that statement, because that is the way I understand it. My own reaction was, and is, that while in the long run that is going to serve well, at the initial end it certainly slowed down applications that in my opinion, need not have been subjected to the cluster impact assessment, because you cannot have cumulative impact when you only have two or three projects. You get cumulative impact when you have dozens or hundreds of projects.

Mr. SOUSA. That is correct, Mr. Chairman, and I do not think it is our intention to have cumulative impact when there are very few projects in the river basin. It is only if, after initial analysis that we see that there are so many of them that would have a cumulative impact on the basin, that we would then implement that procedure.

It is my understanding and my own personal recollection and not those of the other commissioners that we did implement this on a trial basis and that we would see how it worked out before we would proceed with this type of procedure in other areas.

The CHAIRMAN. I am benefited by the fact that one of those is in my State wholly.

Mr. SOUSA. Yes.

The CHAIRMAN. Which I do not appreciate, as a matter of fact, because it is loaded down immeasurably. What is the result of your review to date?

Mr. SOUSA. Well, as far as I can recall, Mr. Chairman, I know that we have completed two phases of those three river basin studies.

I will address myself to the Salmon River Basin. We have completed to date—the Commission has approved Salmon River Basin CIAP, 17 pending license applications by April 24, 1985. We completed the geographic sort phase, that is phase 1, by August 16, 1985, and we completed the resource sort phase, which is phase 2, by November 27, 1985. There are four phases to this procedure.

The current status is we have the multiple project assessment phase, phase 3. There are 14 pending applications remaining in the CIAP, and we have rejected one application. That is under appeal.

We have future target dates to draft the environmental impact statement by August 21, 1986, the final environmental impact statement by January 24, 1987, the draft order to be finalized by

January 29, 1987, and the Commission to issue an order by February 21, 1987.

The CHAIRMAN. You are making my case. What is the length of that process, 500 days?

Mr. SOUSA. I would say roughly 17 months, April 24, 1985 to February 21, 1987, and of course those future dates are target dates. There could be, very frankly, some——

The CHAIRMAN. It is 500 plus. What does that do to an applicant who has money tied up?

Mr. SOUSA. Mr. Chairman, I am in agreement with you. I do not feel that if we implement some procedure which causes delay that we should continue to use this type of procedure. That is why I went along last year with the Chairman, and the other commissioners did as well. We understood that this was going to be strictly a test procedure to see whether it was working.

The CHAIRMAN. Are you not holding up another business to see when this test is completed?

Mr. SOUSA. No, Mr. Chairman. My understanding is that there are various ways of analyzing what we need to do in those areas, and it is only after initial analysis which demonstrates that we have very many projects that we would then go into the full CIAP procedure. Thus, we have been able to clear projects without going into the full CIAP procedures, I understand.

The CHAIRMAN. How many basins have you tentatively put aside; not the ones in which you have already started but those where you are just waiting?

Mr. SOUSA. My own recollection, and I will defer to some of my staff here who can give me a more concrete answer, my initial recollection is there were originally 54 but they have been pared down to much fewer than that.

Can someone answer that question?

Mr. MCDONALD. Dr. Robinson can answer that question.

Mr. ROBINSON. My name is Mark Robinson. I am the chief of the biological resources branch at FERC.

The work done under the cluster impact assessment procedures was done under my review. We started last year in March 1985 with a total of 61 basins that had been brought to our attention as needing cumulative assessment of the environmental impact associated with hydroelectric development.

Through the past almost 1 year now, by reviewing basins, specifically those basins where there is more than one pending hydropower application, we have pared that list down to 39 basins.

The CHAIRMAN. How many pending applications do you have in those? What is the criteria now?

Mr. ROBINSON. 290 license applications.

The CHAIRMAN. In each basin?

Mr. ROBINSON. No, the total for the 39 basins is 290.

The CHAIRMAN. What is the minimum number of applications in a basin?

Mr. ROBINSON. Two.

The CHAIRMAN. So if you have two projects, it requires a cumulative impact statement?

Mr. ROBINSON. No, sir. If we have two projects in a basin where someone, an agency or a resource agency or a public interest group, has brought to our attention the need to assess cumulative impacts, then we are hopefully going to be able to respond to that issue that was raised by the agency through a procedure that looks at cumulative impacts and not through the CIAP.

There are four different procedures the staff has developed to look at these.

The CHAIRMAN. How long do those procedures take?

Mr. ROBINSON. From about, I would say, a month and a half up through the CIAP, which is a 519-day process.

The CHAIRMAN. How many basins do you have under review now?

Mr. ROBINSON. Thirty-nine.

The CHAIRMAN. How long have they been under review?

Mr. ROBINSON. The biggest bunch of them came in during the comment period on the CIAP, which was last year. I would say about 40 of the original 61 came in during that comment period.

The CHAIRMAN. When last year?

Mr. ROBINSON. March of last year.

The CHAIRMAN. About a year ago?

Mr. ROBINSON. Yes, sir.

The CHAIRMAN. So they have been pending a year, and you have not started the process in some of them?

Mr. ROBINSON. In some of them, that is correct. In others we have started those procedures.

The CHAIRMAN. It is a 500-day procedure?

Mr. ROBINSON. No, sir. Only the CIAP is a 519-day procedure.

The CHAIRMAN. That is right. That will be applied to the 40.

Mr. ROBINSON. We have only started three of those.

The CHAIRMAN. You have only started 3, and the other 37 are waiting?

Mr. ROBINSON. Not for the CIAP.

The CHAIRMAN. How many of them will be under CIAP?

Mr. ROBINSON. That is a moving target, as the number of applications changes. We did a point in time look in November of this past year, and there were approximately 10 basins that looked like they needed a CIAP at that point in time. Of course, in December and January the number of pending applications probably changed with those basins. We have not gone back and revisited in terms of which ones may require the CIAP.

The CHAIRMAN. The point I am trying to make is that by going into a cumulative impact assessment, and refusing or failing to handle any of the applications in a basin where somebody has suggested that that may be a part of the problem or a part of the solution, you have now put them all on hold for over a year. After the end of a year, or whenever you may get around to it, if you decide you have to go through the process you add 500 days to that.

Now, the question that I asked the Chairman a moment ago is what happens to an applicant who comes in to you with an engineering study and an application and they have done their engineering before they come to you? They have got money tied up in that, and you are going to tell them that sometime, 3 or 4 years from now, you will get around to telling them whether they get a license.

What impact does that have upon an applicant?

Mr. **Sousa**. Mr. Chairman, my understanding is that that is not always the case.

The **Chairman**. No, not always the case but it is too often the case. I am not talking about the ones who do not confront that. That is a happy result, perhaps. Of course, sometimes you avoid that, the application of it, by denying their application and then they are out at the beginning. That saves them some time and money.

Do they not have a right to expect that a decision can be made in a reasonable length of time? Do you think the process that takes you over a year to start and 500 days to complete is an appropriate process?

Mr. **Sousa**. Well, Mr. Chairman, my feeling is that they should be given an opportunity to get their decision made on their application within a reasonable period of time.

The **Chairman**. What happens to the tax credits while they are waiting?

Mr. **McDonald**. The tax credits ran out in December.

The **Chairman**. Tough luck, huh?

Mr. **McDonald**. That is correct, sir.

The **Chairman**. You know, as I said at the outset, in many of these cases I do not agree at all with the necessity for having a cumulative impact statement and holding everything up until you get it done. You are doing a substantial injustice to a great number of people, many of them small investors who put a lot of their own money up front.

You are simply depriving them of their money. You are cheating them. The process cheats them out of the opportunity to do what the law gives them a right to do, and you have set up a process that says, "Tough luck, fellows. No matter what the law says, no matter what your rights are under the statute, we are going to do our job, and if that costs you your money, that is your tough luck."

Mr. **Sousa**. Well, for myself, Mr. Chairman, it is clear to me that we should reassess that whole procedure.

The **Chairman**. I am almost hopeful you will not, because it will take another year or two before you get the reassessment done.

Mr. **Sousa**. By that I mean we should reevaluate what we have done so far and maybe scrap the entire process.

The **Chairman**. The thing I have been trying to urge from the very outset on basin cumulative impacts is that the first one or two do not have cumulative impact. Certainly two might, because it accumulates over one. Three might more than two. But at some point you have to recognize if what you are really concerned about is dozens or hundreds in a given basin, depending upon the size of the basin.

You have to look at both of them or all of them together at some point, but with the first one or two do not do that. You could go ahead with the first one or two. They have some rights, and their rights are being denied by a cumbersome bureaucratic process that robs them of their investment.

I do not think that is right.

Mr. **Sousa**. I happen to agree with you, Mr. Chairman, but I think one of the things that we are constrained by is there have been some of these court decisions which hold that there are several other agencies besides ourselves who have conditioning authority in the environmental area. We are constrained by those court decisions.

The CHAIRMAN. The court decision, however, did not require you to do a cumulative impact. That was your own decision.

Mr. SOUSA. That is correct. It was something that the Commission devised to respond to these cases which held that there were other agencies that had conditioning authority besides the Commission.

The CHAIRMAN. I do not know. Again, I am not certain that you can go back. Let us take the Salmon River Basin as an example.

The Salmon River Basin is about one-third of my State. It is an important river basin. It has a great impact upon a great many values, but one small project on the little salmon is not going to affect the entire basin. Two or a half a dozen are not going to affect the entire basin, and yet your process says you cannot move on any until you are prepared to move on all.

Mr. SOUSA. My understanding, Mr. Chairman, is if the analysis brings us to decide that four or five or six will not have a cumulative impact, then we should not proceed with a cumulative impact procedure for that whole basin.

It is only after an analysis which shows that cumulatively there is a great impact, it is only at that point that we should go to the full procedure.

The CHAIRMAN. I understand that, but if you aggregate all the applications within that basin and if they were all built, with that type of cumulative impact, you could not move on one. Nobody contends that one has any impact.

Mr. SOUSA. My understanding, also, Mr. Chairman, is that while we are going through this cumulative impact procedure, if we find that one or two in that group would not require for us to hold them up, we have, I believe, in two cases removed them from the geographic area and proceeded with those.

My understanding is we would not hold that one up just because of a number.

The CHAIRMAN. I am not opposed to a cumulative impact assessment. I think it is both proven and required. I think you ought to do it. I do not, however, see any reason why you should hold them all up while you are doing it.

Mr. SOUSA. My understanding is that we have not and should not. We have released three from the Salmon River under those exact circumstances.

Mr. MCDONALD. Yes.

The CHAIRMAN. You have done that, but it took them at least an additional year or 18 months in the process.

Mr. SOUSA. That is because the initial position was that cumulatively they would cause this cumulative impact, but as soon as we were able to find that that was not so we released those that did not give us that cumulative impact.

The CHAIRMAN. I would invite you, without a reassessment that causes you to stop the whole thing and start over again, to take a look at whether or not what you are doing is unnecessarily restrictive at the beginning of the process. Heaven help the other 40 basins or 39.

Mr. **Sousa**. I will give you my assurance, Mr. Chairman, that we will look at that in that manner.

The **Chairman**. I understand your concern, and I think you certainly do need to meet the mandates of statutes, like the endangered species act and the clean water act and a number of others that constrain your activities and invite lawsuits. At the same time you also have a mandate to act, and I do not think that is met by setting up a process that is as cumbersome as this has been.

Now, maybe you are getting a handle on it, and I hope you are.

Mr. **Sousa**. It is our intention to try to balance the two positions of this whole procedure.

The **Chairman**. Often times the balance comes down on the side of safety, does it not? If you do not make a mistake, you do not get into trouble, and you cannot make a mistake if you do nothing.

Mr. **Sousa**. I would have to admit that sometimes we do err on the side of caution, yes.

The **Chairman**. Senator Ford.

Senator **Ford**. I was enjoying you, Mr. Chairman. [Laughter.]

The **Chairman**. I was afraid you might.

Senator **Ford**. You have him sucking on the bottom of that glass, I will tell you. [Laughter.]

You could just use some good humor in this hearing.

Mr. **Sousa**. It is only water. I was hoping it was something a little stronger.

Senator **Ford**. Oh, just one moment. I would be glad to take care of that. [Laughter.]

Most of that comes to the top, not to the bottom.

Mr. **Satterfield**. Senator, as a native Kentuckian myself, I think he was hoping there might be something else in there that was white.

Senator **Ford**. I always meet it with mixed emotions, one part bourbon, two parts water. [Laughter.]

Senator **Bumpers**. Is it not amazing how people from Kentucky can talk like that? That gets you beat in Arkansas, talking like that. [Laughter.]

Senator **Ford**. You see, you have the wrong philosophy. In Kentucky we love——

Senator **Bumpers**. Maybe we have the wrong industries. [Laughter.]

Senator **Ford**. No, no; you have it. It is just not legal. [Laughter.]

We love the sinner and hate the sin. Do you understand that, Bumpers? [Laughter.]

Oh, boy, I am sure glad I got here, Mr. Chairman.

The **Chairman**. So, am I.

Senator **Ford**. I understand that you are making a study of all of these river basins. Are you now making a study of the Ohio River Basin?

Mr. **Sousa**. Just before the past Chairman O'Connor left, Senator Ford, he did instruct the staff to proceed with the fourth river basin study, but just as he was about to leave he decided to put a hold on it and we have not proceeded with that fourth study.

Senator **Ford**. I was wondering when you said the Ohio River Basin, you know, the Mississippi is nothing until the Ohio runs into it, and that is going to be a major undertaking. You talk about the Kentucky River. You talk about the Tennessee River. You talk about all of those other rivers as it relates to the Ohio River Basin, and you start extremely northeast on that and that is a terrific undertaking.

As you are saying now, that has been put on hold?

Mr. SOUSA. That is correct.

Senator FORD. Is that because of money, or did you decide it was too large, or to just wait and see what happens here in the committee? Are you going to ask for supplemental money for it? Are you going to request it in next year's budget? What are you going to do?

Mr. SOUSA. No, Senator Ford. My understanding is that the Chairman felt that he had the authority to proceed, but it was the understanding of the other commissioners that before he proceeded on the fourth one that the full Commission should make the decision and not just rely on the Chairman alone to proceed with the river basin study based on the earlier understanding that he had the authority to proceed.

Senator FORD. Thank you, Mr. Chairman. I do not have any further questions.

The CHAIRMAN. Thank you. Senator Nickles.

Senator NICKLES. Thank you, Mr. Chairman.

Just on a slightly different subject, Mr. Sousa, we have discussed at different times some of the problems with the rule 436.

Mr. SOUSA. Yes, Senator Nickles.

Senator NICKLES. I think just recently you announced one additional time period of 4 months?

Mr. SOUSA. Yes, until July 1, 1986.

Senator NICKLES. Would you bring me up to date on what has happened with the transportation of that rule?

Mr. SOUSA. We have allowed an extension on that. We have postponed the trigger date for the CD adjustment options under Order No. 436 through July 1, 1986, in order to provide sufficient time for the restructuring of commercial arrangements under the rule for transportation arrangements.

Senator NICKLES. I compliment you in doing that. I do not know if you remember this or not but I requested, I think last December, that you postpone it to April 15. I believe that is what I had suggested, trying to get out of the heating season.

What kind of indications have you had or are you negotiating with as far as the major pipelines, as far as participation?

Mr. SOUSA. To date we have four major pipelines that have indicated that they will participate in the program, and we have several other smaller ones. That is the extent of the participation so far.

Senator NICKLES. Are there any reasons for those four names to be kept? Is that Columbia, Transwestern, Consolidated, and El Paso?

Mr. SOUSA. No, there is not. I think it is Columbia, Columbia Gulf, Transwestern, and El Paso. That is my recollection of the four. Con Gas just recently filed to participate in the program.

Senator NICKLES. With those four, they have indicated a desire to file, but they are in the process of negotiating with the Commission?

Mr. **Sousa**. I am not exactly sure at what stage they are. We have Mr. Williams.

Mr. **Williams**. My name is Ken Williams, Director of the Office of Pipeline and Producer Regulation.

Three of the companies, El Paso, Transwestern and Consolidated, have all filed settlements, and as a part of the settlements they have proposed to open up transportation. Those will have to be addressed by the Commission to determine whether or not they should be approved. Each one of them obviously depends upon the particular circumstance of the pipeline, so they are all different but they will all have to be addressed by the Commission.

Senator **Nickles**. Each individual pipeline, their request? In other words, they filed for the blanket certificate with these conditions, and you have to either approve, disapprove, or modify them?

Mr. **Williams**. They have incorporated as a part of a settlement—sometimes it is a rate settlement and sometimes it is a stipulated settlement, but for the most part they are rate settlements—they embody not only a settlement of the costs but a settlement also of the rates, the level of utilization, as well as opening up the system of transportation.

What they generally involve is a settlement that embodies a number of different things, and as a part of that settlement is an agreement, if the Commission approves the settlement, is an agreement to open up their system, so it will be presented to the Commission as a package.

Each one of them obviously is going to be different because each pipeline is different. Each pipeline and its customers have different characteristics, so they address the specifics of the pipeline and the markets, et cetera.

As a consequence, they will have to be addressed individually.

Senator **Nickles**. You mentioned four major pipelines. I have a list of some smaller pipelines that are, I guess, indicated there. I guess they filed a request for a certificate. The major pipelines or the bulk of the other pipelines, I mentioned four majors, maybe five now, that are looking at it.

I am thinking that in my neck of the woods, there are lots of big pipelines that right now I do not see participating. The majority of big pipelines are not participating.

Do you see that switching, maybe, with this additional few months? Do you have any inclination? Why not speak into the microphone? It might help the recorder and the other people.

Mr. **Williams**. If I might answer that, there are a number of other pipelines that are engaging in negotiations, and I am sure you have seen them listed in various news releases and publications; Texas Eastern, to some extent Texas Gas, ANR, and Natural Gas Pipeline.

You have a number of pipelines that are engaged in negotiations right now with their customers and with their producer/suppliers. If they are successful, it is reasonable to assume that the Commission is going to have settlements before very long on those companies as well.

Those do constitute the major portion of the major pipeline companies.

Senator **Nickles**. So you think it is possible that many of those that you mentioned will be participating by the July 1 date?

Mr. **Williams**. I think that the pipelines recognize the July 1 date as being a critical date. Also, you remember, if they are going to participate after July 1 they have to have their rates in effect by July 1. They have to file new rates to be effective July 1, so they are under pressure to resolve this question earlier than July 1. I think that most of the pipeline companies are making an effort to do that.

One of the important things I think we all have to recognize is that whatever the Commission does on those settlements is going to have a great deal to do with subsequent settlements.

Senator **Nickles**. Is the Commission showing some flexibility in working with them on those rates and settlements to hopefully encourage participation?

Mr. **Williams**. They have not gotten up to the Commission as yet, but the staff is actively participating and is supporting in most of the cases the proposals. Hopefully they are addressing themselves to the concerns of the Commission.

Mr. **Sousa**. Senator Nickles, if I may add, it would be my direction that we work as closely as we can to accommodate them out there and not rigidly adhere to what we have. If we can work out the problems we would certainly want to do that.

Senator **Nickles**. I would encourage you to do that. What would be your opinion, Mr. Sousa or whoever, as far as the reason why the majority of the pipelines have yet elected not to participate?

Mr. **Sousa**. One of the problems I have heard about, and it may not be all of the problems, they bring to our attention the problem of the take or pay issue.

Some of them have said that to enter into the program would exacerbate the take or pay problems, so that is one of the things to which we must address ourselves.

Senator **Nickles**. Could you add the contract demand reduction by the LDC's of what used to be 25 percent per year and now is strung out a little bit?

Mr. **Sousa**. Yes, it is strung out over 5 years, and I believe in the first year it is 15 percent. I forget exactly what the amounts were.

Senator **Nickles**. Are the pipelines concerned that your LDC would——

Mr. **Sousa**. Would reduce that.

Senator **Nickles**. Would reduce that; but, he is still going to be stuck with a take or pay responsibility for the producer?

Mr. **Sousa**. That was one of the problems that they brought to our attention, Senator.

Senator **Nickles**. How is that being resolved?

Mr. **Sousa**. At this point we are hoping that in the negotiations that they have with the producers that there would be some relief that the producers would give in return for perhaps access to the transportation.

Senator **Ford**. While they are conferring, may I ask you a question?

There is a legal case in Oklahoma. It has already gone beyond its first step and has now been appealed. It says that under force majeure, not only acts of God but those things that you have no control over, the economy for instance, is allowable to break or take a pay contract.

I do not know if that was preceding or not, but that would be a landmark case if that case were sustained, and it might eliminate some of the problems that we face.

Mr. SOUSA. That could very well happen, Senator Ford. I think that was a far-reaching case and a surprise decision. It may be that it will be knocked down or not sustained by the court.

The lower court said that under force majeure not only acts of God but acts that you have no control over, gives you the opportunity to break the contract, and that might change the whole complexion of what we are talking about here.

Senator NICKLES. Was that an Oklahoma case?

Senator FORD. Yes, sir, an Oklahoma case. I believe it was Oklahoma City and the district court. You have three levels of courts, and it was the district court that made that decision Don.

It might be of some interest to you. I am sure your producers are turning grey over it.

Senator NICKLES. We have a lot of our producers just trying to stay alive right now.

Senator FORD. I understand that.

Senator NICKLES. I appreciate your saying that. There was a Mississippi decision that we have been looking at as well. That happened, I think, right before we adjourned, and we are looking at that.

What steps can the Commission take to encourage pipeline participation?

Mr. WILLIAMS. I think that one of the things the Commission can do, and it has already done, is to give the pipelines and their customers and their producers an opportunity to work out an arrangement that they can live with. By extending this trigger date until July 1, 1986, I think that was part of what the Commission could do.

I think the other and most important thing that the Commission can do is to be willing to address very quickly the various proposals that come before it.

Senator NICKLES. How long does it take to give a pipeline an answer?

Mr. WILLIAMS. It really depends upon how they are presented to the Commission. Most of them are presented, first of all because they have started out as rate cases, they have come up as a part of a settlement. They are submitted to an administrative law judge. He then gives the parties an opportunity to comment, and he gives them a specific period of time.

Once that time is over and the comments have been filed, the matter is brought to the Commission's attention, so most of the time is just in the process of submitting the settlement, noticing it, and then submitting it to the Commission.

Senator NICKLES. Mr. Chairman, I am not going to turn this into a hearing on 436. We have had five hearings to date, and it is just rewhetting my appetite to find out what is going on. We had originally planned on having a hearing, I think, at around this time. We decided, however, since the Commission made their decision to make the postponement, we wanted to give a little more time to find out what is happening in the markets.

I do expect that our committee or the full committee and the Energy Regulation Subcommittee will have additional hearings where we will have the Commission or Commission members present as well as industry representatives present to go into what is happening in this market and find out whether or not there is going to be access, whether there will be gas that is shut in continued in my State and other States.

This is an issue that is awfully important. Not only that, but we are talking about the transportation rule right now; and my continued total objection to the block billing proposal, we might get into that issue as well.

I am not going to turn this hearing into that but will just notify the Commission members that we will be having those hearings in the future.

Mr. SOUSA. We will appear when you want us, Senator.

The CHAIRMAN. Senator Nickles, I understand that you can stay. I am supposed to chair another hearing starting very soon. I am going to have to leave. If you can stay, I will turn the gavel over to you.

Before doing that, I must just announce that for those who have written questions to submit for responses to the record, I would direct that those questions be prepared and submitted by the close of business today so that we may get responses back in time for us to deal with the budgetary recommendations which we must make next Tuesday.

I will have some questions to submit for the record as well.

Mr. SOUSA. We will answer them as expeditiously as possible.

The CHAIRMAN. Thank you very much. Thank you, Senator Nickles.

Senator Bumpers.

Senator BUMPERS. Mr. Chairman, I will be very brief. There was one thing on the front page of your testimony, Mr. Chairman, that I did not understand, and that is you say that your budget request for $99.1 million meets the deficit reduction targets; the first line under your budget overview where you say you are requesting $99.1 million; the next sentence you say the request is an increase of $4,336,000 over the 1986 appropriation as reduced under the requirements of Gramm-Rudman.

I do not understand that.

Mr. SOUSA. Yes.

Senator BUMPERS. Why do we not just walk through it.

Your budget this year for 1986 is $99 million?

Mr. SOUSA. For fiscal year 1987 is $99.1 million, and that was really only $227,000 more than the 1986 request. The 1986 budget, however, was reduced under the Gramm-Rudman-Hollings bill and that is why our fiscal year 1987 request is $4,336,000 more than the 1986 after the reduction.

Senator BUMPERS. So you are saying that after you take your Gramm-Rudman hit in 1986, what you are asking for in 1987 is $4 million more?

Mr. SOUSA. Well, it is $4 million more after the reduction of 1986, yes, that is correct.

Senator **Bumpers**. Do you not anticipate another, more significant hit in 1987 under Gramm-Rudman?

Mr. **Sousa**. It is my understanding that the $99.1 million has passed the review of the administration but it could very well be that there could be further cuts, depending on how severe they are.

Senator **Bumpers**. Who reviews that for the administration, OMB?

Mr. **Sousa**. I believe it is the OMB that has approved; Mr. Miller.

Mr. **McDonald**. Mr. Miller sent it back and said this included a cut on 1987.

Senator **Bumpers**. Included for 1987?

Mr. **McDonald**. Yes, sir.

Senator **Bumpers**. That is confusing to me, because we are obviously going to have to cut a lot more from the budget for 1987 than we did for 1986, and yet you are getting a $4 million increase which Chairman Miller has signed off on?

Mr. **McDonald**. Yes, sir. That is correct.

Senator **Bumpers**. We will have him this afternoon before Appropriations, and I will take that up with him.

Mr. **Sousa**. I believe also the reason for that, Senator, is there is also an increase in our revenues that we will be collecting.

Mr. **McDonald**. There is an increase in the workload, also.

Senator **Bumpers**. How much increase in revenues do you anticipate for 1987?

Mr. **Sousa**. Roughly $26 million.

Senator **Bumpers**. Increase in 1987 over 1986?

Mr. **Sousa**. In revenues, yes.

Senator **Bumpers**. How are you going to achieve that kind of an increase? Your total revenues this year are $47 million?

Mr. **Sousa**. Built into that is an assumption that the legislation that we have asked for to collect these fees in other areas will be approved.

You see, right now we only get it out of the hydropower area. We have asked that we impose fees in the other areas of our jurisdiction.

Senator **Bumpers**. You state in here somewhere that your revenues for 1986 are estimated to be, I thought, $44 million. I cannot find it now, but that is the figure I remember.

Is that right or wrong, or was it more than that?

Mr. **McDonald**. $49 million.

Senator **Bumpers**. How much?

Mr. **McDonald**. $49 million.

Senator **Bumpers**. So you are estimating that your revenues for 1987 will be in the $70 million category?

Mr. **McDonald**. It would be approximately $50 million with existing legislation; then there is a request in the Congress for $26 million more, which has been down here 2 years. If that passed, then it would bring us up to $76 million. If you do not pass it, then we will be at $50 million.

Senator **Bumpers**. If it does not pass, then, instead of asking for a $4 million increase next year you will be asking for almost a $30 million increase?

Mr. **McDonald**. I would not put it that way, sir, because we do not want to count the revenues in our budget because the revenues go to the Treasury. We like to keep them separate because if you mix the two, why there is no way we could run the Commission because the revenues come in at different times.

Senator **Bumpers**. So you are saying that the amount of revenues you get has no effect on your request, is that correct?

Mr. **McDonald**. That is correct, sir, but it does have an effect on the deficit.

Senator **Bumpers**. That is the point I was getting ready to make.

Mr. **McDonald**. That is the point, sir.

Senator **Bumpers**. Let me ask you two or three questions off the budget.

I noticed in the Post this morning that oil went below $15 a barrel yesterday, and I am just wondering what effect this precipitous fall in oil prices has had on the consumption of natural gas by utility companies, if you know?

Mr. **Sousa**. I will ask Mr. Williams to answer that, Senator.

Senator **Bumpers**. My question really is are they converting to oil now or at what point do they convert from natural gas to oil? What is the price differential between the two on a Btu basis?

Mr. **Williams**. The price of oil, the industries that can switch between natural gas and fuel oil, particularly No. 6 fuel oil, are primarily the loads that are supplied in the summertime.

Now, in the wintertime the capacity of the pipelines is for the most part required to provide the gas for the high priority requirements, residential, commercial, process feedstock requirements.

So the real impact of these declining oil prices is not going to really be felt in the natural gas market until spring, like the first of April, starting with April. Then the fuel switchable loads will be looking at the economics of it, and to the extent that fuel oil, No. 6 fuel oil, is less, then they will switch.

So it is going to have a significant impact upon the market for natural gas this summer, and the price for natural gas is going to have, to some extent, to follow that or else many of those customers will switch.

Senator **Bumpers**. Number 6 fuel oil, when oil is below $15 a barrel, is very competitive with natural gas prices today, is it not?

Mr. **Williams**. On a Btu basis you can divide a barrel of oil by about 6, and that gives you about what is the equivalent.

Senator **Bumpers**. Equivalent to 1,000 Btu's of natural gas?

Mr. **Williams**. A million Btu's, yes.

Senator **Bumpers**. So you are saying if oil dropped to $12, No. 6 heating oil will be the equivalent of $2 in mcf?

Mr. **Williams**. That is at the burner. That is in the market area. That means in order to determine what the price of gas in the field would be, you have to take out the transportation and the distribution, and that tells you what the price of gas in the field then would have to be.

Senator **Bumpers**. In short, based on today's natural gas prices which are under a lot of pressure themselves, No. 6 heating oil would still be cheaper?

Let us get to the price of natural gas. What is the average price utilities are paying for gas right now, do you know; about, somewhere in the range of?

Mr. **Williams**. To the extent that a utility now can go out and say it is a fuel switchable utility that can buy gas on the spot market, the spot market now is down to less than $2, and depending upon where it comes from you are talking about anywhere from $1.95 to maybe as low as $1.75.

Then you add to that the transportation margin, so you can see that they are probably paying in many areas now, in order to get it to their facility, about $2.50 or something in that range. That is to the extent that they can buy gas on the spot market and have it moved.

Senator **Bumpers**. How many categories of natural gas are you regulating? It used to be 27, was it not?

Mr. **Williams**. Obviously we do not regulate the 102(c) gas anymore.

Senator **Bumpers**. What is 102(c)?

Mr. **Williams**. 102(c) is new gas, onshore and offshore gas. Insofar as 102(d) gas is concerned, which is offshore gas from new reservoirs, that gas is still subject to the Commission's jurisdiction insofar as sales and abandonment are concerned.

Senator **Bumpers**. Are those bringing a maximum price under the law? There would not be much of a market for that gas at the maximum allowable price, would there?

Mr. **Williams**. When you look at the PGA's the pipeline companies are filing, the pipelines' average cost of gas has been declining over the last couple of years and particularly in the last year.

What that means is to the extent they have market-outs in their contracts, they are marketing-out at lower prices. To the extent they can get the producers to lower prices in order to increase takes, they are reducing the prices.

So the answer is that there is not a lot of 102 gas that is being taken at the ceiling price of 102 gas today and certainly not 107 gas at 107 ceiling prices.

Senator **Bumpers**. Would it be wise for Congress to deregulate the price of all natural gases today that are not bringing in the maximum allowable price? Does that reduce your workload? Does that do anything for society?

Mr. **Sousa**. My personal opinion, Senator, would be that it would be advisable to deregulate it.

Senator **Bumpers**. Does that reduce your workload?

Mr. **Sousa**. It would reduce the workload and it would——

Senator **Bumpers**. Reduce a lot of redtape for the companies?

Mr. **Sousa**. It would reduce the redtape, I feel. This is my own personal opinion.

Senator **Bumpers**. Just give me an off-the-cuff opinion. If we do deregulated all natural gas right now, where would the price float to?

Mr. **Sousa**. My answer to that would be if you deregulated all of the natural gas, there would be a movement of the higher priced gas downward, and of course you would deregulate the old gas so that there would be, in theory at least, a meeting of these two prices at market clearing levels, whatever that would be.

Senator **Bumpers**. How much of the natural gas consumed in this country is old gas, which I think is the lowest priced gas?

Mr. **Sousa**. Roughly about 40 or 50 percent, about 50 percent.

Senator **Bumpers**. About 50 percent?

Mr. **Sousa**. Yes, roughly half.

Senator **Bumpers**. Overall then, you would probably see an increase in gas prices, would you not, if you deregulated old gas? Do you know what the average price of old gas is right now? What category is that?

Mr. **Williams**. 104, 106(a) and 109, and it is about $1.75 I think.

Senator **Bumpers**. The average price?

Mr. **Williams**. That is weighted based upon gas that is being produced.

Senator **Bumpers**. I wish I were getting that much for my gas.

Mr. **Sousa**. The Secretary of Energy is proposing deregulating that old gas or allowing it to get the maximum price on deregulation of the existing.

Senator **Bumpers**. We have a lot of wells in our area. Let me ask you this. A lot of people in my State are getting 18 cents. Royalty owners, for example, are getting one-eighth of 18 cents. Those are under old contracts where the field is dedicated and so on, and that is all they will ever get.

If you were to deregulate that gas, could you make certain, for example, for gas that the gas company is now getting 18 cents for, if they were suddenly to get $1.75 would there be some way we could make sure that the royalty owner participated in that?

Mr. **Sousa**. I really do not know whether you would need some legislation from Congress to do that. I do not know how these royalties are worked out, but it would seem to me to be fair that if the price is raised then the royalty owners should get a fair share of the rise in price.

Senator **Bumpers**. The reason I asked that is because—and I am not subject to that, but I have a lot of friends who are, and the price is written under the contract so that royalty owners never get more than, say, one-eighth of 18 cents no matter what the producers get for it.

In many instances royalty holders in my State are still getting one-eighth of a very low price when the companies are getting much more than 18 cents for their gas. It is a terrible inequity, but you know we cannot abridge a contract.

Mr. **Sousa**. It does not seem fair if the price is allowed to rise.

Senator **Bumpers**. It does not seem fair, and it is not fair.

Senator **Nickles** [presiding]. Senator Bumpers, I would like to follow up on that. Most of the contracts that I am aware of, and we have a lot of old gas as well, royalties are still fixed as a percentage of the total sales price.

I had not heard of a fixed low price and should that price be increased the royalty would not increase. I have always—I would like to learn a little bit more about it. If there are contracts that would be as outlined, that is——

Senator **Bumpers**. We had hundreds and hundreds of contracts in my State, Senator Nickles, back in the 1940's and the 1950's, which said the lessor will receive from the lessee one-eighth of the value of the gas.

Senator **Nickles**. Up to——

Senator **Bumpers**. Wait just 1 minute. One-eighth of the value of the gas at the wellhead, said gas to be calculated at the rate of 4 cents per thousand cubic feet. Later on some companies just gratuitously raised that to 7 cents and then to 14 cents, but the figure was always—the royalty on it was always at the mercy of the lessee.

Senator NICKLES. You did not write any of those contracts, did you? [Laughter].

Senator BUMPERS. As a matter of fact, I threatened to file suit as a class action to break every one of those contracts when I first got out of law school, and most of them were 4 cents and 5 cents, and when I did the companies raised the rate to 7 cents. I lost half my clients, and then they went to 14 cents and I lost the rest of them. [Laughter.]

Senator BUMPERS. The figures are still, however, written in stone by the companies in many instances.

Mr. Chairman, I think that that concludes my questions.

I just have one other thing. Describe for me quickly, please, the difference between 104, 106(a) and 109 gas.

Mr. WILLIAMS. 104 gas was generally gas the price for which was established by the Federal Power Commission under the various area and nationwide rate orders, and the first category was production from leases acquired prior to 1973, and then there is a category for production between 1973 and 1974, and a post-1974 category.

So the 104 gas is the older produced gas from wells that were covered by—that the Commission established just and reasonable rates for years ago.

106(a) is rollover gas, the price for that the Commission once again established where the primary term of the contract had expired and now the contract could roll over to another price, and the 106(a) price is the rollover price.

Senator BUMPERS. That is some fixed percentage plus inflation, is it not?

Mr. WILLIAMS. Essentially what the Commission did was pick where it had pre-1973 production, and when it rolled over let it roll up to the next category.

Then 109 is the highest priced category that the Commission established under Order 770, which was for production I think in 1975–76. Actually as you know before the NGPA was passed the Commission had instituted a new proceeding to establish rates for, I believe, from 1977 forward. So what you are really talking about are wells that essentially were drilled and production commenced prior to 1977. Then there are different vintages, depending upon when the wells were drilled.

Senator BUMPERS. Mr. Chairman, that concludes my questions.

Senator NICKLES. Senator Bumpers, thank you.

I have just one comment. I share some of the concerns that you mention in your comments concerning inequities of natural gas price regulation. I will look forward to working with you to see if we can come up with something.

I will just mention through you on the idea of these old gas contracts and what those prices would be, I would have a little bit different answer than Mr. Sousa gave you, because I would think that if we deregulated those old gas prices we would not just say, hey, all old gas prices should go up to the marketplace tomorrow.

I would think that with your adherence to contract sanctity, what you have mentioned, and I have and others, that we would probably do something on those old gas contracts as those contracts are renegotiated or as they expire. They could be whatever the market would say but not just a wave of the wand and go out and find the market.

Senator BUMPERS. I am certainly willing to talk about that, Senator Nickles. I never thought I would be, but it is obvious the time has come where the industry itself is rapidly becoming a basket case.

Senator NICKLES. That is true.

Senator BUMPERS. That does inure to the country's interest. I can tell you if the oil price stays below $15 a barrel, there are a lot of banks in Oklahoma and Texas that will not be with us on December 31 of this year.

As you know, the rig count is just deplorably low. I am not trying to bail anybody out. The oil industry got provoked with me about the windfall profits tax. I thought they were wrong on that. I think they have a problem now, though, and I am willing to try to address it.

Senator NICKLES. I think timing is important, and right now with the markets being as depressed as they are, I think you could deregulate. My guess is the result would still be allowing gas to follow the market down, which is going to happen anyway. It just would allow other categories of gas to follow the market down. Likewise, when the market would come up it would do likewise. It would be market driven instead of congressionally driven.

To our witnesses, we thank you very much. We would appreciate your quick responses to our questions.

Mr. SOUSA. We will do that.

Senator NICKLES. Thank you. The hearing is recessed.

[Whereupon, at 10:45 a.m., the hearing was recessed, to reconvene at 2 p.m. the same day.]

APPENDIX III

RESPONSES FROM ACTING CHAIRMAN SOUSA TO ADDITIONAL COMMITTEE QUESTIONS

RESPONSES TO
ADDITIONAL QUESTIONS SUBMITTED TO ACTING CHAIRMAN SOUSA

FEDERAL ENERGY REGULATORY COMMISSION

FROM

U.S. SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

Questions 8 - 15, Submitted by the Majority
Questions 16 - 17, Submitted by Senator Hecht
Question 18, Submitted by Senator Evans

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

February 18, 1986

Honorable James A. McClure
Chairman
Committee on Energy and Natural
  Resources
Washington, D. C. 20510

Dear Mr. Chairman:

Pursuant to your letter dated February 3, 1986, enclosed are the Commission's responses to your questions.

Sincerely,

Anthony G. Sousa
Acting Chairman

Enclosure

cc: Secretary of Energy

QUESTIONS FOR THE RECORD FROM
SENATOR JAMES A. McCLURE

FY 86 Budget Assumptions

Question 1: Would you provide for the record a fiscal year 1986 baseline table indicating for each appropriations account: (a) the budget authority and estimated outlays as appropriated by the Congress; (b) at the applicable level of detail, the sequester baseline for the purpose of the Gramm-Rudman-Hollings Act; and (c) at the applicable level of detail, the available budget authority and estimated outlays after sequester?

Answer: The FY 1986 appropriation is $95,568,000. In addition to this amount, the Commission was allowed funds of $3,284,000 from the Energy Supply, Research and Development Activities Appropriation for the proposed 5% pay reduction. The estimated outlays before the effects of the Gramm-Rudman-Hollings Act are $97,634,000.

The following table provides by program the budget and outlay authority for the baseline of the Gramm-Rudman-Hollings Act and for the amount available post sequestration. The program break was provided for in the Conference Report 99-307 accompanying Public Law 99-141.

($000s)

	Budget Authority			Outlays		
Program	Baseline	Sequestration	Revised Authority	Baseline	Sequestration	Revised Outlays
Natural Gas	$44,696	$-1,922	$42,774	$45,661	$-1,832	$43,829
Pipeline Certificate	14,737	- 634	14,103	15,055	- 604	14,451
Pipeline Rate	18,616	- 800	17,816	19,020	- 764	18,256
Producer Certificate	2,462	- 106	2,356	2,514	- 100	2,414
Producer Rate	2,433	- 105	2,328	2,485	- 100	2,385
Administration of Wellhead Pricing	6,448	- 277	6,171	6,587	- 264	6,323
Hydropower	27,060	-1,163	25,897	27,645	-1,109	26,536
Oil Pipeline	3,656	- 157	3,499	3,736	- 151	3,585
Electric Power	20,156	- 867	19,289	20,592	- 826	19,766
Total	$95,568	$-4,109[1/]	$91,459	$97,634	$-3,918[1/]	$93,716

[1/] Sequestration data provided by OMB per GRH Act.

Question 2: Would you provide for the record a list for each appropriations account of any anticipated fiscal year 1986 requests for rescissions, deferrals or supplemental appropriations, including a description of the status of each item?

Answer: Section 515 of the Treasury-Postal Services Appropriations Act requires agencies to withhold 10 percent of the amount intended for consulting services. Therefore, the Commission has reduced its obligational authority in FY 1986 by $4,000. This reduction is reflected in the President's budget.

FY 87 Budget Request

Question 3: Would you supply for the record an appropriations account baseline table for fiscal year 1987, indicating the fiscal year 1987 requests (a) made for each program by the Commission to OMB, and (b) included in the President's proposed budget?

Answer: The Commission's FY 1987 requests, to the Office of Management and Budget (OMB) and the Congress, by program, are outlined below. The change from the request to OMB to the President's budget is a reduction of $3.0 million. The FY 1986 appropriation is provided for comparison purposes.

Distribution by Program of the FERC's FY 1987
OMB and President's Budget Requests
($000's)

	FY 1986 Appropriation	FY 1987 OMB Request	FY 1987 President's Budget
Natural Gas	$ 46,231	$ 45,516	$ 45,174
Hydropower	27,990	31,411	29,343
Oil Pipeline	3,782	4,527	4,139
Electric Power	20,849	20,625	20,423
Total	$ 98,852	$ 102,079	$ 99,079

Question 4: Would you provide for the record a list by appropriations account of any anticipated fiscal year 1987 requests for supplemental appropriations?

Answer: The Commission does not anticipate submitting any supplemental budget requests to the Congress during fiscal year 1987.

Question 5: a) Would you provide for the record a list of any assumptions in the President's proposed budget that require legislation?

Answer: The only assumption underlying the Commission's budget for FY 1987 that will require legislation is our proposal to extend explicit authority to assess fees and to collect additional annual charges.

b) In each case would you provide a detailed statement of purposes; provide the proposed language (if available) or indicate if, or when, the Administration intends to transmit such language?

Answer: Annual charges, currently applicable only to the hydropower program, would be extended to our oil pipeline, natural gas, and electric power programs. Additionally, the FERC would be given explicit authority to set fees for particular services and/or filings instead of relying on the nonspecific authority to do so under the Independent Offices Appropriations Act of 1952. This proposal, which had been submitted to the 98th Congress but never introduced, was resubmitted to the Congress on May 8, 1985, and was subsequently modified slightly based on discussions between FERC's Office of the General Counsel and the staff of the Senate Energy and Natural Resources Committee in August 1985. Attached are copies of the Commission's May 8, 1985, letter of transmittal citing a detailed statement of purpose, the original legislative proposal, and the August 1985 revision.

The purpose of the proposed legislation is to reduce the direct cost of energy regulation to the taxpayer through recovery of a greater share of the costs of regulatory services provided by the Commission to energy companies that operate under a Commission license, certificate, or other authorization. This proposal, if passed, would result in approximately $26.5 million in additional revenue in FY 1987 and about $50 million in FY 1988.

c) Indicate whether, in the Administration's judgement, such legislation would be sought from the Energy and Natural Resources Committee or as a rider on an appropriation act?

Answer: The proposed legislation was drafted for consideration by the jurisdictional authorization committees; however, we would not oppose a rider to an appropriations act.

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

May 8, 1985

Honorable George Bush
President of the Senate
Washington, D.C. 20510

Dear Mr. President:

Enclosed is proposed legislation "to authorize the Federal Energy Regulatory Commission (FERC) to collect fees and charges for services, benefits, privileges and authorizations granted in administering its regulatory programs, and for other purposes."

The Purpose of the Legislation

The purpose of the bill is to make clear the Commission's authority to reduce the costs of energy regulation to the taxpayer by recovering a greater share of those costs, in the form of annual charges and user fees, from energy companies that operate under Commission license or authorization. The Commission now has explicit authority to impose annual charges on hydropower companies under section 10(e) of the Federal Power Act (16 U.S.C. § 803(e)). The proposed bill would give it comparable authority over natural gas companies, electric utilities, and oil pipelines.

Title V of the Independent Offices Appropriations Act of 1952 (IOAA) (31 U.S.C. § 9701) states the sense of Congress that regulatory licenses, privileges or other authority should be self-sustaining to the extent possible, and, to that end, empowers agencies to collect fees and charges. However, the Commission's fees and charges under the IOAA have been challenged in the courts. Questions have been raised about the Commission's authority to recoup expenses associated with essential services and benefits provided in the regulatory environment in which energy companies hold operating privileges. The proposed bill is designed to supplement the Commission's authority under the IOAA by specifying that the Commission can assess and collect annual charges and user fees to reimburse the United States for regulatory costs not otherwise recovered under existing law. The annual charge for each company would be computed on the basis of the company's share of total energy deliveries or sales in a fiscal year. Annual charges and user fees could also be based on other methods the Commission found fair and equitable. Similar authority to impose annual charges on regulated entities (apart from the Commission's own authority over hydropower companies) is now vested in the Securities and Exchange Commission under section 31 of the Securities Act of 1934 (15 U.S.C. § 78ee).

Cost and Budgetary Data

Enactment of this legislation will contribute toward reducing the Federal deficit. The chart below depicts actual and estimated fee revenue from FY 1984 through FY 1986. The FY 1986 projection assumes that the proposed new annual charges legislation will be passed by Congress in FY 1985 and implemented by the Commission in FY 1986.

	Fee Revenue (Dollars in millions)		
	Actual	Estimated	
	FY 1984	FY 1985	FY 1986
Existing Authority	$39.9	$41.3	$56.1
New Legislation	.....	.....	$10.0
Total Applied to Appropriation	$39.9	$41.3	$66.1
Other Revenues:			
Headwater Benefits	4.4	8.2	6.6
Other Payments	4.3	5.4	6.8
Total Other Revenues	8.7	13.6	13.4
Total Collections	$48.6	$54.9	$79.5

By FY 1988, the additional estimated revenue attributable to this proposed annual charges legislation should be approximately $40,000,000 annually.

Sincerely,

Raymond J O'Connor

Raymond J. O'Connor
Chairman

Enclosure

Enclosure

A BILL

To authorize the Federal Energy Regulatory Commission to collect fees and charges for services, benefits, privileges, and authorizations granted in administering its regulatory programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Federal Energy Regulatory Commission shall be authorized to collect charges and fees and to retain and use the monies collected for its operating expenses as described in this Act.

SEC. 2(a) Definitions. For purposes of this Act --

(1) "adjusted costs" includes the anticipated direct and indirect costs to the government of administering a program during a fiscal year minus fees anticipated to be collected for services or benefits rendered under the program during that fiscal year under section 2 of this Act or title V of the Independent Offices Appropriations Act of 1952 (31 U.S.C. §9701);

(2) "natural gas company" has the same meaning as that term has under section 2(6) of the Natural Gas Act (15 U.S.C. §717a(6))

(3) "public utility" has the same meaning as that term has under section 201(e) of the Federal Power Act (16 U.S.C. §824(e)); and

(4) "jurisdictional gas deliveries" means the total volume of natural gas that is sold by a natural gas company to any person, except another natural gas company, and excludes the natural gas that is sold to a person who later resells the natural gas in interstate commerce.

(b) Annual Charges To Be Assessed.

(1) Each natural gas company that has an effective certificate of public convenience and necessity under section 7(c) of the Natural Gas Act (15 U.S.C. §717f(c)), shall pay to the United States a reasonable annual charge in an amount fixed by the Commission to reimburse the United States for the adjusted costs of administering the Natural Gas Act (15 U.S.C. §§717 *et seq.*). The annual charge for each natural gas company shall be computed based on its proportional share of the total jurisdictional gas deliveries during the previous fiscal year or on a method for apportioning the adjusted costs that the Commission determines to be fair and equitable.

(2) Each public utility shall pay to the United States a reasonable annual charge in an amount fixed by the Commission to reimburse the United States for the adjusted costs of administering parts II and III of the Federal Power Act (16 U.S.C. §§824-25r), except for the regulation of cogeneration and small power production under sections 201 and 210 of that Act (16 U.S.C. §§824 and 824i). The annual charge for each public utility shall be computed based on its proportional share of the total of the kilowatt hours transmitted under interchange power agreements and the gross jurisdictional kilowatt hours sold by all public utilities during the previous fiscal year or on a method for apportioning the adjusted costs that the Commission determines to be fair and equitable.

(3) Each common carrier subject to regulation by the Commission shall pay to the United States a reasonable annual charge in an amount fixed by the Commission to reimburse the United States for the adjusted costs of administering the regulation of oil pipelines. The annual charge for each common carrier shall be computed based on its proportional share of the total jurisdictional barrel miles transported during the previous fiscal year or on a method for apportioning the adjusted costs that the Commission determines to be fair and equitable.

(c) Fees To Be Assessed. In addition to its authority under title V of the Independent Offices Appropriations Act (31 U.S.C. §9701), section 10(e) of the Federal Power Act (16 U.S.C. §803(e)), and section 2(b) of this Act, the Commission may fix and collect fees and charges for applications, requests, grants or approvals of licenses, abandonments, curtailments, exemptions, rate or tariff authorizations, or any other authorization under its jurisdiction to reimburse the United States for the services or benefits rendered by the Commission under its regulatory programs and for costs incurred by the Commission to serve an independent public interest. Fees and charges under this section shall be computed based on methods that the Commission determines by rule to be fair and equitable.

(d) Waiver. The Commission may, by rule or order, waive all or part of an annual charge or fee assessed under this Act.

SEC. 3. Any monies collected by the Commission may be retained and used for operating expenses up to the amounts contained in appropriations acts when these monies are not earmarked for specific programs of other departments and agencies, notwithstanding the requirement in other law that monies be paid into the Treasury as miscellaneous receipts.

SEC. 4. This Act takes effect on October 1, 1985.

Revised Bill, August, 1985

A BILL

To authorize the Federal Energy Regulatory Commission to collect fees and charges for services, benefits, privileges, and authorizations granted in administering its regulatory programs, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, that the Federal Energy Regulatory Commission shall collect charges and fees and to retain and use the monies collected for its operating expenses as described in this Act.

SEC. 2(a) Definitions. For purposes of this Act --

(1) "adjusted costs" means the actual direct and indirect costs to the government of administering a program during a fiscal year minus fees collected for services or benefits rendered under the program during that fiscal year under section 2 of this Act or title V of the Independent Offices Appropriations Act of 1952 (31 U.S.C. §9701);

(2) "interstate pipeline" has the same meaning as that term has under section 2(15) of the Natural Gas Policy Act of 1978 (15 U.S.C. §3301);

(3) "public utility" has the same meaning as that term has under section 210(e) of the Federal Power Act (16 U.S.C. §824(e));

(4) "pipeline carrier" has the same meaning given such term in section 10102 of title 49, Unites States Code; and

(5) "interstate gas deliveries" means the total volume of natural gas that is sold or transported by an interstate pipeline to any person, except another interstate pipeline.

(b) Annual Charges To Be Assessed.

(1) Each interstate pipeline that has an effective certificate of public convenience and necessity under section 7(c) of the Natural Gas Act (15 U.S.C. §717f(c)), shall pay to the United States a reasonable annual charge in an amount fixed by the Commission to reimburse the United States for the adjusted costs of administering the Natural Gas Act (15 U.S.C. §§717 et seq.) and section 311(a) of the Natural Gas Policy Act. The annual charge for each natural gas company shall be computed based on its proportional share of the total interstate gas deliveries during the previous fiscal year or on a method for apportioning the adjusted costs that the Commission determines to be fair and equitable.

(2) Each public utility shall pay to the Unites States a reasonable annual charge in an amount fixed by the Commission to reimburse the United States for the adjusted costs of administering parts II and III of the Federal Power Act (16 U.S.C. §§824-25r), except for the regulation of cogeneration and small power production under sections 201 and 210 of that Act (16 U.S.C. §§824 and 824i). The annual charge for each public utilty shall be computed based on its proportional share of the total of the kilowatt hours transmitted under interchange power agreements and the gross jurisdictional kilowatt hours sold by all public utilities during the previous fiscal year or on a method for apportioning the adjusted costs that the Commission determines to be fair and equitable.

(3) Each oil pipeline carrier subject to regulation by the Commission shall pay to the United States a reasonable annual charge in an amount fixed by the Commission to reimburse the United States for the adjusted costs of administering the regulation of oil pipelines. The annual charge for each oil pipeline carrier regulated by the Commission shall be computed based on its proportional share of the total barrels delivered during the previous fiscal year or on a method for apportioning the adjusted costs that the Commission determines to be fair and equitable.

(c) Fees To Be Assessed. In addition to its authority under title V of the Independent Offices Appropriations Act (31 U.S.C. §9701), section 10(e) of the Federal Power Act (16 U.S.C. §803(e)), and section 2(b) of this Act, the Commission may fix and collect fees and charges for applications, requests, grants or approvals of licenses, abandonments, curtailments, exemptions, rate or tariff authorizations, or any other authorization under its regulatory jurisdiction to reimburse fully the United States for the services or benefits rendered by the Commission under its regulatory programs and for costs incurred by the Commission. Fees and charges under this section shall be computed based on methods that the Commission determines by rule to be fair and equitable.

(d) Waiver. The Commission may, by rule or order, waive all or part of an annual charge or fee assessed under this Act.

SEC. 3. Any monies collected by the Commission may be retained and used for operating expenses up to the amounts contained in appropriations acts when these monies are not earmarked for specific programs of other departments and agencies, notwithstanding the requirement in other law that monies be paid into the Treasury as miscellaneous receipts.

SEC. 4. This Act takes effect on October 1, 1985.

Gramm-Rudman-Hollings Act Issues

Question 6: In the case of Federal programs and activities which receive off-setting fees, collections, etc., implementation of the Gramm-Rudman-Hollings Act would sequester budgetary resources on the basis of gross, rather than net, budgetary resources. Would you provide for the record --

a. a list of those programs or activities within the Commission that receive such off-setting fees, collections, etc. (whether directly or subject to appropriations);

Answer: The Commission collects offsetting fees from its jurisdictional companies in the regulatory programs of natural gas, oil pipeline, and electric. These fees are based on those costs incurred by the Commission in processing various filings. In addition, the Commission collects annual charges from licensees based on costs for the hydropower program incurred by the Commission and other Federal agencies in administering Part I of the Federal Power Act. These fees and annual charges offset the appropriation in aggregate.

b. a description of such program or activity, including a description of whether such fees, collections, etc., are for services provided for others (either Federal agencies or others); and

Answer: The Commission does not perform reimbursable work for other Government agencies or any other parties.

c. an analysis of whether the sequester of such budgetary resources may inhibit the provision of such services provided for others?

Answer: Since the Commission does not engage in reimbursable work, there is no effect on the provision of services for others.

Question 7: Certain Federal statutes specifically specify the Federal and State apportionment of certain collections, revenues, etc., which would be altered by implementation of the Gramm-Rudman-Hollings Act. Would you provide for the record--

a) a list describing each such collection and the formula for its distribution, including its statutory authority?

Answer: Title 16, section 810 of the USC (United States Code), specifically describes the apportionment of collections from a licensee using public lands for payment to the Federal and state entities. The accounts pertaining to this apportionment of collections are Payments to States, Reclamation Fund (created by the Reclamation Act of 1902), and annual charges administration. The USC states that 37.5 percent of charges arising from the occupancy and use of national forest and public lands within the boundaries of any state, "shall be paid by the Secretary of the Treasury to such State," 50 percent of collections shall be paid into the reclamation fund, as prescribed in the 1902 Reclamation Act; 12.5 percent is paid to the FERC for the cost of administering the collections. Under the terms of the FERC's Appropriations Act (Public Law 99-141), these miscellaneous receipts are applied against FERC costs.

b) Would you provide for the record a table for each distribution indicating by State the fiscal year 1986 distribution that would occur before and after sequester and the fiscal year 1987 distribution?

Answer: The table below is the distribution by state for FY 1986. FY 1986 distribution of payments to the states is based upon collection of receipts in FY 1985 which are then apportioned in FY 1986 and paid out. Under the terms of GRH these payments are subject to a 4.3 percent reduction. We anticipate that the FY 1987 distribution would be the same as in FY 1986 before application of GRH.

	FY 1986 DISTRIBUTION		
STATE	Before GRH	After GRH	Net Reductions
Alaska	$48,292	$46,215	$2,077
Alabama	13,871	13,275	596
Arkansas	88	84	4
Arizona	4,216	4,035	181
California	629,773	602,693	27,080
Colorado	9,900	9,474	426
Georgia	6,265	5,996	269
Idaho	82,276	78,738	3,538
Kentucky	38	36	2
Michigan	631	604	27
Minnesota	23	22	1
Mississippi	15	14	1
Missouri	9	9	0
Montana	72,926	69,790	3,136
New York	77	74	3
North Carolina	1,218	1,166	52
Nevada	20	19	1
Oklahoma	4	4	0
Oregon	46,000	44,022	1,978
Pennsylvania	1,094	1,047	47
South Carolina	16,709	15,991	718
Texas	13	12	1
Utah	5,349	5,119	230
Washington	112,735	107,887	4,848
West Virginia	20	19	1
Wisconsin	522	500	22
Wyoming	337	323	14
Total	$1,052,421	$1,007,168	$45,253

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

FEB 24 1986

Honorable James A. McClure
Chairman, Committee on
 Energy and Natural Resources
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

In response to the questions for the record from the February 19 hearing before the Committee on Energy and Natural Resources, I am providing you with my answers.

Please let me know if I can be of further assistance.

Sincerely,

Anthony G. Sousa

Anthony G. Sousa
Acting Chairman

Enclosures

cc: Secretary of Energy

QUESTIONS FOR THE RECORD FROM
SENATOR JAMES A. McCLURE

Cluster Impact Assessment Procedure (CIAP)

Question 8: On page 5 of the Commission's FY 87 budget request the statement is made that "In April 1985, the Commission implemented the new procedures for assessing the cumulative environmental effects of the clustering of multiple hydropower projects within a defined river basin."

a. Is it not correct that this "CIAP" procedure applies only to the Owens, Snohomish and Salmon River Basins, and that the Commission has made no decision as to the general applicability of the procedure or as to its application to any other particular river basin?

Answer 8a: On April 24, 1985, the Commission directed staff to implement the Cluster Impact Assessment Procedure (CIAP) in these three river basins. It is correct that this procedure has only been applied to three basins by the Commission.

The Commission has not applied this procedure to other river basins. In fact, the Commission is reviewing the CIAP process, as well as other techniques for addressing the cumulative impact issue. The Commission has made no decision as to the general applicability of the procedure or as to its application to any other particular river basin.

Question 8b: On November 20, 1985, the Commission issued a press release announcing that FERC staff had been directed to proceed with a CIAP for the Ohio River Basin. What is the status of the Ohio River Basin CIAP?

Answer 8b: During his last week at the Commission, former Chairman O'Connor reviewed several pending items and decided to allow a new Chairman to review various budget items, set priorities, and initiate actions accordingly. Among these items was whether to direct staff to proceed with the CIAP for the Ohio River Basin.

Question 8c: What is the status of the hydro applications that have been made for projects which are located in basins that have been identified as potentially subject to a CIAP review?

i. How many applications are now pending in each basin?

Answer 8c i: The following table lists the basins where more than one pending application for license exists and the issue of cumulative impacts has been raised prior to or during the comment period for the CIAP (March 1985).

January 24, 1986

The following table lists the basins where more than one pending application for license exists and the issue of cumulative impacts has been raised prior to or during the comment period for the CIAP (March 1985).

Table 1

River basin	State	Pending license applications
Alleghany	PA-NY	5
N.F. & M.F. American	CA	6
S. FK. American	CA	5
Arkansas	AR-OK-KS-MO-CO	3
Black (Also Moose)	NY	11
Clearwater	ID	4
Connecticut	CT-MA-NH-VT	29
Cowlitz 1/	WA	1
Deschutes	OR	8
Dungerness	WA	2
N. Fork Feather	CA	22
Green	KY	2
Hamma Hamma	WA	4
Henrys Fork	ID	2
Kentucky 2/	KY	1
Kings	CA	2
Lehigh	PA	3
Merrimack	MA-NH	17
Mono Lake	CA	4
Monongahela	PA-WV-MD	7
Muskingum 2/	OH	1
Nooksack	WA	12
Owens	CA	11
Ohio	IL-OH-IN-KY-WV	28
Penobscot	ME	3
Pit	CA	4
Rogue	OR	3
Salmon	ID	15
Upper San Joaquin	CA	3
Schuylkill	PA	2
Skagit	WA	15
Upper Snake	ID-WY	23
Snohomish	WA	5
Trinity	CA	2
Williamette	OR	5
Yakima	WA	4
Yuba	CA	6
Upper Miss. R. Mainstem	MO-IA-IL-WI-MN	3
Ohio River Mainstem	IN-IL-OH-KY-WV	7
Totals 39		290

1/ There is a pending exemption application in the Cowlitz River Basin that impacts non-fish and wildlife resources.

2/ The Kentucky River and Muskingum River are tributaries of the Ohio River Basin.

Question 8c ii: Has the Commission taken final action on any application in those basins?

Answer 8c ii: Yes. The following table lists the hydropower projects that have been licensed after an assessment of cumulative impacts had been prepared:

Project Name	Project No.	Basin	State
Cinnamon Ranch	6885	Owens	CA
Pine Creek Tungston	8418	Owens	CA
Sayles Flat	3195	S.Fk. American	CA
Ford Hydro	7986	Clearwater	ID
Ingram Warm Springs	8498	Salmon	ID
Wilder Project	1892	Connecticut	VT
Weston Dam	7883	Connecticut	NH
Fiske Mill	8615	Connecticut	NH
Littleville	8350	Connecticut	MA
Weeks Falls	7563	Snohomish	WA
Twin Falls	4885	Snohomish	WA

Question 8c iii: Will final action on pending applications in those basins be contingent upon either a Commission decision not to subject the basin to the CIAP process or, alternatively, initiation and completion of a CIAP review? When will those points be reached?

Answer 8c iii: Final action on pending applications in the basins is not contingent upon either a Commission decision not to subject a basin to the CIAP process or to implement a CIAP review. The Commission has issued licenses on projects that are included in the 39 river basins. These issuances were supported either through the CIAP or by internal staff determinations that the project would not contribute to cumulative impacts.

After the completion of any applicable environmental review, including analysis of cumulative impact issues, the remaining projects will proceed to completion. I emphasize the fact that applications for projects are being processed by the staff and are not on hold.

Question 8c iv: Has the Commission reviewed the need for a CIAP in the river basins previously identified by the Commission as potentially subject to such a review? What has been the result of the review? Which basins has the Commission concluded do not need a CIAP review? What was the basis for those decisions? Which basins does the Commission believe will need a CIAP review? What was the basis for those decisions?

Answer 8c iv: The Commission is currently reviewing the need for a CIAP but has not determined the need for a CIAP in the river basins previously identified as potentially subject to such a review.

Question 8d: Last year Chairman O'Connor told the Energy and Water Development Appropriations Subcommittee that the FERC would request $8 to $10 million, either in FY 86 supplemental request or in the FERC's FY 87 budget, to undertake CIAP reviews in 19 identified river basins.

i. The Commission has not requested these funds. Why not?

Answer 8d i: During the summer of 1985, former Chairman O'Connor reviewed the river basin problem with the staff. The purpose of this review was to establish finite criteria for addressing the issue of cumulative impacts which has been raised in certain river basins. In addition, alternative methods for assessing cumulative impacts commensurate with the complexity of the basin were developed as a result of these meetings.

After assessing the available information, former Chairman O'Connor determined that no FY 1986 supplemental appropriation request was necessary, and that the alternative methods for analyzing cumulative impacts on certain basins could be performed with existing staff resources.

At the present time, since the Commission is assessing the CIAP program, as well as alternative methods for assessing cumulative impacts, I believe it is not necessary to request additional funding in our FY 1987 appropriation request.

Question 8d ii: Hasn't the Commission's failure to request these funds had the effect of preventing final action from being taken on the pending applications in these basins? Is that fair to developers who have spent, and continue to spend, considerable sums of money seeking to develop these projects based on the presumption that the Commission will process their applications in a timely manner?

Answer 8d ii: No, the Commission is not delaying final action on hydro applications in all river basins where there has been an allegation of cumulative impacts. Basins and projects are continuously reviewed to assess the allegations, and where the conclusion of no potential for cumulative impacts can be reached, case-specific processing continues. Where the analysis indicates that there is a potential for cumulative impacts, the basin is classified in terms of the type of cumulative impact analysis required and then our analysis proceeds as resources allow.

The Commission is attempting to move forward in the processing of hydropower applications. The careful review of the cumulative impact issue, the appropriate assessment of cumulative impacts (using the methodology commensurate with the scope of the issue in a particular basin), and the issuance of Commission decisions based on an adequate record will ensure that each decision will stand the test of judicial scrutiny, if necessary.

Question 8d iii: If you are not going to request the funds necessary to undertake a CIAP review in those basins, shouldn't the Commission proceed to process the pending applications on a case-by-case basis and proceed to take final action on them?

Answer 8d iii: The Commission is processing applications and taking final action on hydropower applications. In those basins where the issue of cumulative impacts has been raised, staff continues to review the basins and to determine the appropriate form of analysis. This determination entails identifying the relevant river basin, documenting proposed and existing hydroelectric development within the basin, and identifying target resources based upon reviewing existing developments in the basin coupled with reviewing comments received from Federal and state resource agencies and the public concerning specific projects.

Question 8e: Please provide the Committee with a report on the CIAP reviews that are currently underway for the Snohomish, Salmon and Owens River Basins. Are they progressing smoothly? Are they generating any controversy? When will they be completed? Have you found that the various Federal resource agencies have cooperated in a constructive way with the Commission's efforts in these river basins? If not, please explain in detail which agencies have not been cooperative, and in what ways have they not been cooperative? What does the Commission's experience in the Salmon, Snohomish and Owens tell us about the workability of the CIAP process, and the general applicability of the process to other river basins?

Answer 8e: Attached you will find a short synopsis of the status of the Snohomish, Owens and Salmon River basins. As you can see from this document, the three studies are progressing well with only minor slippages from milestone target dates.

According to Commission staff, cooperation from the Federal resource agencies has been uneven as would be expected given the uniqueness of this effort; but more important, the CIAP effort has stimulated public involvement, and has provided a forum for the illumination of the innate controversy associated with hydropower development. Participants in the hydropower reviewing process have always brought their own agenda to the proceedings. The CIAP offers the participants multiple forums to present their positions, and the resource agencies, developers, and others have taken full advantage of this.

At times the parochial interests of individual participants have resulted in actions that have been less than constructive in the attempt to assess cumulative impacts. Reviewing the three studies to date, a clear distinction can be made between the land management agencies (e.g., U.S. Forest Service and Bureau of Land Management), and the more focused resource management agencies (e.g., National Marine Fisheries Service and U.S. Fish and Wildlife Service). The land management agencies have been most cooperative in trying to further the cumulative impact analysis through the provision of data, professional expertise, and administrative support. Their interest in the CIAP is acute in that cumul[illegible] impacts is a concern in their own actions.

The resource management agencies do not bring this same interest to the CIAP studies. The National Marine Fisheries Service, with few exceptions, has attended all the CIAP scoping, workshop and technical session meetings in Washington and Idaho. They have consistently attacked the CIAP primarily on policy grounds. For the most part, the NMFS participants have been unable and unwilling to discuss technical issues.

For example, my staff has informed me that NMFS does not believe that the CIAP is necessary at this time given the surplus energy in the Pacific Northwest, and therefore project applications should be denied. Furthermore, the NMFS has stated that the data base on which the CIAP studies will rely is insufficient. However, using the same data base, the NMFS contends that anadromous fish and habitat in the CIAP study basins are in jeopardy.

My staff does not view the NMFS as a good faith participant principally because of its actions at the CIAP meetings and because of its written policy on small hydro. NMFS policy on small hydro is

BEST AVAILABLE COPY

the Pacific Northwest advocates no adverse impacts, direct or indirect, to anadromous fish and their habitat, at present or in the future. Given the inflexibility of such a policy and NMFS' insistence that anadromous fish are the sole factor to be considered in the public interest, it is not surprising that the level of cooperation and communication has not met staff's expectations.

The CIAP process can be summarized as scoping, followed by analysis, and followed by NEPA documentation. This process is not unique to the CIAP and has been found to be extremely workable and applicable in much of the environmental work done by the Commission staff. The CIAP process is unique, however, in the emphasis it places on the scoping process. Both the Geographic and Resource Sorts are part of this process where an attempt was made to bring the resource agencies into the analytical process. According to staff, the role of analyst, as opposed to typical resource agency role of commentor, was not comfortable for the resource agency participants. Much effort was expended by Commission staff to facilitate this shift in roles for the resource agencies with little material benefits for the analysis. In any further applications of the CIAP, staff would have no expectation of the resource agency participants acting as analysts, but rather the usual role of commentor would be accomodated.

As stated previously, the Commission is reviewing the CIAP process as well as other techniques for assessing cumulative impacts. The general applicability of the CIAP process to the river basins will be studied as part of the Commission's review process.

SNOHOMISH RIVER BASIN, WASHINGTON February 10, 1986

Overview

The Snohomish River Basin, 1,780 square miles in extent, drains the western slope of the Cascade Mountains in northwest Washington (Figure 1).

Important anadromous fish populations exist in the basin, including coho, pink, chum, and chinook salmon, and steelhead trout. Other important fish and wildlife resources include resident trout, bald eagles, and black-tailed deer.

Cluster Impact Assessment Procedure (CIAP) -- Status

Completed	Date
Commission approves Snohomish River Basin CIAP.	April 24, 1985
7 pending license applications in CIAP.	
2 pending license applications released from further CIAP analysis and licensed.	April 25, 1985 May 6, 1985
Geographic Sort Phase (Phase I)	August 6, 1985
2 licensed unconstructed projects included in CIAP analysis.	
Resource Sort Phase (Phase II)	October 11, 1985

Current Status

Multiple Project Assessment Phase (Phase III)
7 pending projects remaining in CIAP.

Future Milestones

	Target Date
Draft Environmental Impact Statement	April 11, 1986
Final Environmental Impact Statement	August 21, 1986
Draft Order Finalized	September 11, 1986
Commission Order Issued	October 6, 1986

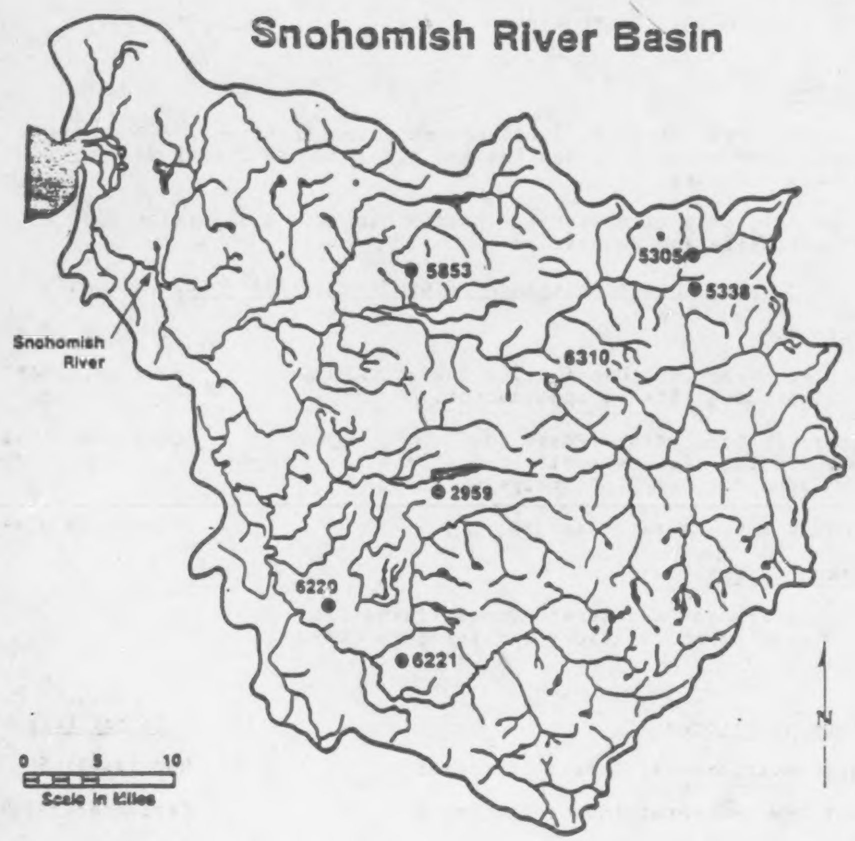

Snohomish River Basin
5853
5305
5338
6310
2959
6220
6221
Snohomish River
0 5 10
Scale in Miles
N

Figure 1. Location Map (Source: Staff)

FERC PROJECTS INCLUDED:

No. 2959 - Tolt River
No. 5305 - Storm Ridge
No. 5338 - Excelsior Mountain
No. 5853 - Olney Creek Falls
No. 6220 - Tokul Creek
No. 6221 - Black Creek
No. 6310 - Barclay Creek

OWENS RIVER BASIN, CALIFORNIA February 10, 1986

Overview

The Owens River basin is 3,200 square miles in extent, and is the largest stream draining the eastern slope of the Sierra Nevada Mountains (Figure 1).

In the semi-arid climate the riparian habitat is important for fish, wildlife and recreation.

Cluster Impact Assessment Procedure (CIAP)-- Status

Completed	Date
Commission approves Owens River Basin CIAP. 10 pending license applications.	April 24, 1985
Geographic Sort Phase (Phase I) 3 pending license applications released from further CIAP analysis.	August 15, 1985
Resource Sort Phase (Phase II)	October 16, 1985

Current Status

Multiple Project Assessment Phase (Phase III)
7 pending applications remaining in CIAP.

Future Milestones	Target Date
Draft Environmental Impact Statement	May 12, 1986
Final Environmental Impact Statement	September 29,1986
Draft Order Finalized	October 6, 1986
Commission Order Issued	October 29, 1986

Owens River Basin

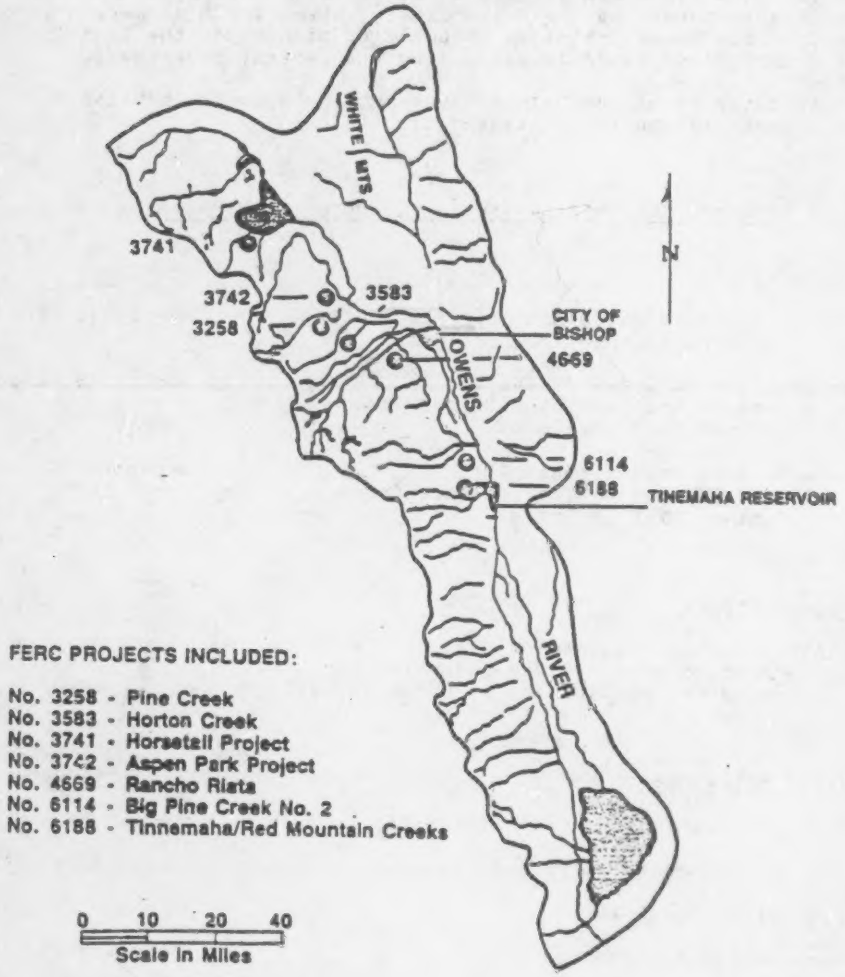

WHITE MTS
3741
3742
3583
3258
CITY OF BISHOP
4669
OWENS
6114
6188
TINEMAHA RESERVOIR
RIVER
N
FERC PROJECTS INCLUDED:
No. 3258 - Pine Creek
No. 3583 - Horton Creek
No. 3741 - Horsetail Project
No. 3742 - Aspen Park Project
No. 4669 - Rancho Riata
No. 6114 - Big Pine Creek No. 2
No. 6188 - Tinnemaha/Red Mountain Creeks
0
10
20
40
Scale in Miles

Figure 1. Location Map (Source: Staff)

SALMON RIVER BASIN, IDAHO February 10,1986

The Salmon River basin (Figure 1) is 14,100 square miles in area, and is a tributary of the Snake River system, which is part of the Columbia River drainage. Roughly 80 percent of the land in the Salmon River basin is managed by the Federal government.

The tributaries of the Salmon River provide spawning habitat for chinook salmon and steelhead trout.

Cluster Impact Assessment Procedure (CIAP)--Status

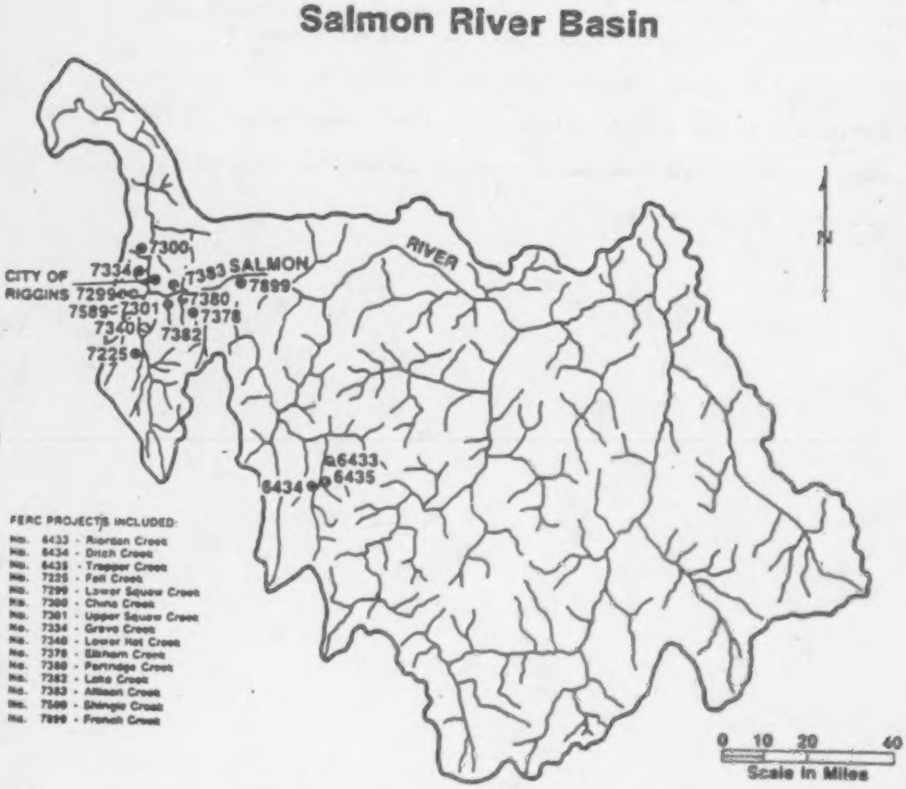
Completed	Date
Commission approves Salmon River basin CIAP. 17 pending license applications.	April 24, 1985
Geographic Sort Phase (Phase I) 1 pending application released from further CIAP analysis.	August 16, 1985
Resource Sort Phase (Phase II) 1 pending application released from further CIAP analysis.	November 27, 1985

Current Status

Multiple Project Assessment Phase (Phase III)
14 pending applications remaining in CIAP.
1 rejected application is under appeal.

Future Milestones	Target Date
Draft Environmental Impact Statement	August 21, 1986
Final Environmental Impact Statement	January 24, 1987
Draft Order Finalized	January 29, 1987
Commission Order Issued	February 21, 1987

igure 1. Location Map (Source: Staff)


Salmon River Basin
CITY OF RIGGINS
SALMON
RIVER
N
7300
7334
7383
7899
7299
7380
7589
7301
7378
7340
7382
7225
6433
6434
6435
FERC PROJECTS INCLUDED:
No. 6433 - Riordan Creek
No. 6434 - Ditch Creek
No. 6435 - Trapper Creek
No. 7225 - Fall Creek
No. 7299 - Lower Squaw Creek
No. 7300 - China Creek
No. 7301 - Upper Squaw Creek
No. 7334 - Grave Creek
No. 7340 - Lower Hot Creek
No. 7378 - Elkhorn Creek
No. 7380 - Partridge Creek
No. 7382 - Lake Creek
No. 7383 - Allison Creek
No. 7589 - Shingle Creek
No. 7899 - French Creek
0 10 20 40
Scale in Miles

Question 8f: Before there is a decision as to the general applicability of the CIAP process to river basins other than the three that are currently subject to the process, will the Commission consider the administrative feasibility of such an extension?

Answer 8f: Yes, the Commission will consider the administrative feasibility of applying the CIAP to other river basins as part of its overall review of the CIAP and alternative methods for addressing cumulative impact issues.

Expedited Workload Processing

Question 9: The hydropower regulation section of the FERC FY 1987 budget request states the Commission's intention to expedite the processing of applications and to reduce the pending workload. Concern has been expressed by a number of developers that the Commission has been seeking to achieve these goals through the dismissal of hydro applications.

a. For the period from August 1, 1985, through December 31, 1985, how many hydropower applications were acted upon by either the Commission or the Office of Hydropower Licensing?

Answer 9a: A total of 1,018 applications were acted upon in the five-month period beginning August 1, 1985.

Question 9b: Please provide a chart summarizing the disposition of each of these applications.

Answer 9b: The following chart provides a breakdown of the disposition of the applications acted upon by the Commission or the Office of Hydropower Licensing. I want to make it clear that it is not my intention to achieve the goals of expediting the processing of applications and reducing the pending workload through the dismissal of hydro applications.

Applications Acted Upon By The Commission
Or The Office of Hydropower Licensing
Period: August 1, 1985 Through December 31, 1985

	DP	A/G	D	R/D	DN	W	Totals
A01		1			2		3
A02							
A03	1	17	13	44	3	9	87
A04							
A05		1		1			2
A06		17	8	29		2	56
A07				1			1
A08		1					1
A09		175	11	9	4	6	205
A10		16		5		3	24
A11		4			2		6
A12		19	1				20
A13	101	194	37	47	2	38	419
A14							
A15		16		1			17
A16							
A17		38	4	27		1	70
A18		35					35
A19		42					42
A20		8	2				10
A22		14	3	3			20
	102	598	79	167	13	59	1018

Key

Termination codes:

DP - dismissed w/o prejudice
A/G - accepted/granted
D - dismissed
R/D - rejected/denied
DN - denied
W - withdrawn

Hydropower Licensing - Product Categories

A01 - MAJOR HYDRO CONSTRUCTED

A02 - MAJOR HYDRO-NEW CAPACITY FORMAL

A03 - MAJOR HYDRO-NEW CAPACITY NONFORMAL

A04 - MAJOR HYDRO-RELICENSE FORMAL

A05 - MAJOR HYDRO-RELICENSE NONFORMAL

A06 - MINOR HYDRO-NEW CAPACITY

A07 - MINOR HYDRO RELICENSE

A08 - MINOR HYDRO CONSTRUCTED

A09 - AMENDMENT - OTHER THAN NEW CAPACITY

A10 - AMENDMENT - NEW CAPACITY

A11 - SURRENDER OF LICENSE

A12 - TRANSFER

A13 - PRELIMINARY PERMIT

A14 - TRANSMISSION LINE APPLICATION

A15 - NON-PROJECT USE OF PROJECT LANDS

A16 - DECLARATION OF INTENTION

A17 - EXEMPTIONS: 5MW OR LESS

A18 - SURRENDER OF PRELIMINARY PERMIT

A19 - CANCELLATION OF PRELIMINARY PERMIT

A20 - AMENDMENT - PRELIMINARY PERMIT

A22 - EXEMPTIONS: CONDUIT

Question 9c: Please summarize the reasons why applications were rejected or denied during this period.

Answer 9c: The following chart breaks down the 167 hydro applications into nine general categories for rejection/denial.

A second chart lists the 82 hydropower applications that were rejected due to patent deficiencies and provides a summary of their respective deficiencies.

Federal Energy Regulatory Commission
Applications Rejected By The Office of Hydropower Licensing
Period: August 1, 1985 through December 31, 1985

	NTF	LFF	PAI	D	CIS	C	OFE	CANTF	O	Totals
A03	4		1	23	16					44
A05					1					1
A06	9			14	5			1		29
A07				1						1
A09	4			4	1					9
A10	1			4						5
A13	6	8	12	14	2	1		3	1*	47
A15				1						1
A17	3		1	18	1		4			27
A22				3						3
	27	8	14	82	26	1	4	4	1	167

Key

NTF - Additional information not timely filed
LFF - License filed first
PAI - Permit already in effect
D - Patently deficient
CIS - Corrected information filed but insufficient
C - Previous permit cancelled
OFE - Did not qualify for exemption
CANTF - Competing application not timely filed
O - Other

* Competing with exemption

Major Licenses (A03)

Docket No.	Applicant	Summary of Deficiencies
5837	Weyerhaeuser Co.	Exhibits A, B, D, E, F
5926	City of Bellvue, WA	Three Stage Consultation Exhibit E
6415	Slush Cup Companies	Exhibit E
6707	Graves, Arkoosh and Arkoosh	Exhibits A, E
6834	Empire Power Company	Three Stage Consultation Exhibit E
6913	Weber Basin Water Conservancy Dist.	Three Stage Consultation Exhibit E
7041	Potter Township	Exhibits A, E, F, G
7377	Renewable Resources Development	Exhibits A, E, G Initial Statement
7845	Hydro Engineering Associates	Three State Consultation Exhibits A, F, G Initial Statement
7863	City Tuscaloosa, AL	Three Stage Consultation Exhibit E
7899	Renewable Resources Development	Exhibit E
8393	F & T Energy Corp.	Three Stage Consultation Exhibit E
8394	F & T Energy Corp.	Three Stage Consultation Exhibit E

Docket No.	Applicant	Summary of Deficiencies
8395	F & T Energy Corp.	Three Stage Consultation Exhibit E
8730	Southern Pacific Land Co, Et. Al.	Three Stage Consultation Exhibit E
8807	Shupe Hydro Limited	Three Stage Consultation Exhibit E
9027	SMC Hydro Inc.	Exhibit E
9095	Northwestern Pacific Power Company	Three Stage Consultation Exhibit E
9248	Town of Telluride	Exhibit E
9274	Niagara Mohawk Power Corp.	Exhibits E, G
9341	Riverside Power Co, Inc.	Exhibits B, E, F
9401	The Halecrest Company	Exhibit E
9470	City of Redding	Exhibit E
Minor Licenses (A06)		
5091	Trans Mountain Construction	Exhibit E
7082	Fall Creek Hydroelectric Project	Three Stage Consultation
7430	Bellows-Tower Hydro, Inc.	Three Stage Consultation
8650	Streamline Hydro, Inc.	Three Stage Consultation Exhibit E
9183	City of Duquesne	Initial Statement Exhibit A
9161	William J. Lathan	Exhibits A, E, F, G

Docket No.	Applicant	Summary of Deficiencies
9273	Upstate Hydro Associates	Three Stage Consultation
9318	Wyeth Hydroelectric of Portland, OR	Three Stage Consultation Exhibit A
9346	T & M Hydropower	Initial Statement Exhibits A, E, G
9347	T & M Hydropower Company	Initial Statement Exhibit E
9355	Stoddard Main Co.	Initial Statement Exhibits E, G
9407	Martin Wirkkala	Three Stage Consultation Exhibits A, E
9454	Trans Mountain Hydro Corp.	Three Stage Consultation Exhibit E
9524	Bexar-Medina-Atascosa Counties, etc.	Three Stage Consultation Exhibits A, E, F, G
Minor License (A07)		
848	Wells Rural Electric Company	Exhibits E, F
Amendment of License (A09)		
2701	Niagara Mohawk Power Corporation	Article 29 Stabilization Dam Study
4026	Central Maine Power Company	Article 28 Probable Maximum Flood Study
7175	Wyoming Hydro, Inc.	Article 37 Probable Maximum Flood Study
7266	Colorado Hydro-Power Corporation	Article 44 Transmission Line Design Article 47 Transmission Line Design

Amendments to License (A10)

Docket No.	Applicant	Summary of Deficiencies
1962	Pacific Gas and Electric Company	Exhibit E
2558	Vermont Marble Company	Exhibit E
2892	Tudor Engineering Company	Three Stage Consultation
4285	A. I. Logan	Three Stage Consultation Exhibit E

Preliminary Permits (A13)

Docket No.	Applicant	Summary of Deficiencies
8972	HY-Tech Company	Exhibits 2, 4
9301	Great Western Power & Light, Inc.	Exhibits 1, 2, 3
9305	Great Western Power & Light, Inc.	Exhibits 1, 2, 3
9307	Custer-Butte Hydro Associates	Initial Statement
9349	William Louis Eastham	Initial Statement Exhibits 1, 2, 4
9368	Central Sierra Power Group	Exhibit 1
9369	ATCP Associates	Initial Statement Exhibit 1
9370	ATCP Associates	Initial Statement Exhibit 1
9373	Mesa Falls Associates	Exhibit 1
9506	Marseilles Hydro Partners	Initial Statement Exhibits 1, 4
9414	S. Miaeael Kolodi	Exhibits 1, 2
9574	Great Western Power & Light Co.	Exhibits 1, 2
9335	Southern Star Hydro, Ltd.	Exhibits 1, 2

Docket No.	Applicant	Summary of Deficiencies
9595	Upper Ammonoosuc River Conservation	Exhibits 1, 2
Change in Land Rights (A15)		
2232	Duke Power Company	Land Use
Exemptions (A17)		
6475	Frontier Land and Power	Three Stage Consultation Exhibit E
6958	Fred A. Chapman	Exhibits A, B, E
7494	Elements Power Company	Exhibit A
7867	Fyffe Foodland, Inc.	Three Stage Consultation Exhibit E
9101	Riverbluff Development Company	Exhibits E, G, B
9409	Tuolumne County	Exhibit A, B Initial Statement
9441	City of Ypsilanti, Michigan	Exhibit E
9448	Raymond W. Poquette	Initial Statement Exhibit A
9457	Weisenberger Mills	Exhibit G, B Initial Statement
9458	Lincolnway Development Company	Exhibits A, G, B Initial Statement
9459	Lincolnway Development Company	Three Stage Consultation Exhibits A, G, B Initial Statement

Docket No.	Applicant	Summary of Deficiencies
9460	Lincolnway Development Company	Three Stage Consultation Exhibit A Initial Statement
9461	Lincolnway Development Company	Three Stage Consultation Exhibits A, G Initial Statement
9462	Lincolnway Development	Three Stage Consultation Exhibits A, G, B Initial Statement
9463	Lincolnway Development Company	Three Stage Consultation Exhibits A, G, B Initial Statement
9464	Lincolnway Development Company	Three Stage Consultation Exhibits A, G, B Initial Statement
9523	Andrew Peklo III	Three Stage Consultation Exhibit G, B
9546	Town of Wilmington	Three Stage Consultation Exhibits A, B, G, E
Exemptions (A22)		
9439	Olivenha Municipal Water District	Exhibit B
9472	Camrosa County Water	Three Stage Consultation Exhibit E Initial Statement
9385	City of Pittsfield, Massachusetts	Exhibit E

Description of Deficiencies

Major Licenses (A03)

Exhibit A - A description of the project, i.e., structures, impoundments, mechanical, electrical, etc.

Exhibit B - A statement of project operation and resource utilization, i.e., mechanical operations, electrical operations, etc.

Exhibit C - A proposed construction schedule for the project, i.e., commencement dates, completion dates, etc.

Exhibit D - A statement of project costs and financing, i.e., estimated costs of construction, estimated annual cost of the project, etc.

Exhibit E - An environmental report, i.e., detailed description of the environment, water use and quality, fish, wildlife, and botanical resources, historical and archaelogical resources, geological and soil resources, recreational resources, socio-economic impacts of construction and operations, aesthetic resources, and land use.

Exhibit F - General design drawings of the project.

Exhibit G - Map of the project.

Initial Statement - A statement containing applicant name, project location, statutory requirements of the state involved, etc.

Three Stage Consultation - A process whereby a potential applicant must consult with each federal and state agency before submitting its application to the Commission. An applicant must first contact all appropriate agencies and provide each of them with the detailed information of the proposed project. Second, applicant must conduct reasonable studies of the all related aspects necessary to make an informed decision on the project and provide the results of studies and a draft application to the agencies for review. Third, a copy of the final application must be served on each of the agencies involved (see 4.30-4.39 of the Commission's Regulations for more explanation).

Minor Licenses (A06)

Exhibit A - A description of the project and the proposed mode of operation, i.e., number and size of the generators, types of hydraulic turbine(s), operation plan, average annual generation, etc.

Exhibit E - An environmental report, i.e., water power potential of dam and impoundment, alteration of an existing dam or maximum surface area of existing structures, description of environmental impacts, water use and quality, fish, wildlife, and consultation with Federal, state, and local agencies on matters of resources, etc.

Exhibit F - General drawings of the principle project works, i.e., drawings must show plan, elevation, profile, and section of dam structure and powerplant.

Exhibit G - A map of the project, i.e., locations of the project works in relation to the water bodies and other structures.

Initial Statement - A statement containing applicant name, project location, agent for the applicant, who is the applicant (i.e., muncipality or private), statuatory or regulatory requirements of the state involved, etc.

Three Stage Consultation - A process whereby a potential applicant must consult with each federal and state agency before submitting its application to the Commission. An applicant must first contact all appropriate agencies and provide each of them with the detailed information of the proposed project. Second, applicant must conduct reasonable studies of the all related aspects necessary to make an informed decision on the project and provide the results of studies and a draft application to the agencies for review. Third, a copy of the final application must be served on each of the agencies involved (see 4.30-4.39 of the Commission's Regulations for more explanation).

Preliminary Permits (A13)

Exhibit 1 - A description of the proposed project, i.e., structures, reservoirs, transmission lines, capacity, lands, etc.

Exhibit 2 - A description of studies conducted or to be conducted

with respect to the proposed project, including field studies, i.e., technical, economic, financial feasibility, etc.

Exhibit 3 - A statement of costs and financing, i.e., costs of project, sources of financing, market for power, etc.

Exhibit 4 - A map or series of maps, prepared on United States Geological Survey topographic quadrangle sheets or similar topographic maps of a state agency, i.e., project location, boundaries, lands, etc.

Initial Statement - A statement containing applicant name, project location, statutory requirements of the state involved, etc.

Exemptions: 5MW or Less (A17)

Exhibit A - A description of the project and its proposed mode of operation, i.e., existing dam and impoundment, size of generating and auxiliary units, type of generating and auxiliary units, type of turbines, etc.

Exhibit B - A general location map, i.e., location of physical and proposed structures, and their relation to bodies of water and other structures, description of who owns or otherwise has real property interests in the land occupied by the project.

Exhibit E - An environmental report showing the scope and environmental impact of construction and operation of the project, i.e., description of the environmental settings, endangered or threatened plant or wildlife, the environmental impacts, etc.

Exhibit G - A set of drawings showing the structures and equipment of proposed and existing project works, i.e., plan, elevation, principle structure of the project, any existing dam or diversion structures, etc.

Initial Statement - A statement containing the applicant name, project location, agent for the applicant, who is the applicant (i.e., municipality or private), etc.

Three Stage Consultation - A process whereby a potential applicant must consult with each federal and state agency before submitting its application to the Commission. An applicant must first contact all appropriate agencies and provide each of them with the detailed information of the proposed project. Second, applicant must conduct reasonable studies of the all related aspects necessary to make an informed decision on the project and provide the results of studies and a draft application to the agencies for review. Third, a copy of the final application must be served on each of the agencies involved (see 4.30-4.39 of the Commission's Regulations for more explanation).

Exemptions: Conduit (A22)

Exhibit B - A general location map, i.e., showing ownership of the parcels of land within the proposed boundary for the project, etc.

Exhibit E - An environmental report, i.e., a description of the environmental setting, a description of the environ-

Initial Statement - A statement containing applicant name, project location, agent for the applicant, who is the applicant (i.e., muncipality or private), statuatory or regulatory requirements of the state involved, etc.

Three Stage Consultation - A process whereby a potential applicant must consult with each federal and state agency before submitting its application to the Commission. An applicant must first contact all appropriate agencies and provide each of them with the detailed information of the proposed project. Second, applicant must conduct reasonable studies of the all related aspects necessary to make an informed decision on the project and provide the results of studies and a draft application to the agencies for review. Third, a copy of the final application must be served on each of the agencies involved (see 4.30-4.39 of the Commission's Regulations for more explanation).

Question 10: In three Commission Orders regarding hydro projects Nos. 6810, 6811, 2890 and 3286, the Commission raises the issue of post-issuance status of entities who enjoy party status prior to the issuance of a final permit, license or exemption. The Orders note that the Commission is considering alternative methods of dealing with the issue.

There is a great deal of concern about the direction the Commission may take in this matter as some of the possible courses of action would not only jeopardize individual licenses, they could also threaten the vitality of the entire hydroelectric licensing program. Although as a matter of law the Commission could elect to proceed in such a direction, it would not be a requirement of law nor would it be desirable from a policy perspective. The courts have regularly held that administrative agencies, including specifically the FERC, may structure their licensing and other similar decision making proceedings with due regard to what is administratively practical and feasible, and with consideration given to the energy, research, and time resources available to the agency. [Friends of River v. FERC, 720 F.2d 93, 105 (D.C. Cir. 1983)] The Supreme Court is clearly in accord that consideration of practicality and feasibility may limit the scope of statutorily required investigation and consideration of agency actions. [Kleppe v. Sierra Club, 427 U.S. 400, 96 S. Ct. 2719 (1983)] What are your views on this matter?

Answer 10: In three December 1985 decisions (33 FERC 61,375; 33 FERC 61,383; and 33 FERC 61,384) the Commission was called upon to address the post-issuance status of entities who enjoyed party status prior to the issuance of a final permit, license, or exemption. In each of these cases the Commission noted that it had not yet articulated a policy on the scope of public participation in post-issuance proceedings, but intended to do so soon in a separate proceeding. The Commission granted participation for post-issuance interventions in these cases but noted that its actions did not establish any policy or procedure applicable to other cases similarly situated. The Commission has not at this time established any policies regarding post-issuance proceedings. As Acting Chairman, I assure you that, as soon as this matter comes before the Commission, both the requirements of law and practical considerations of administrative feasibility will be considered, especially in regard to the ongoing vitality of the hydroelectric program which is of paramount importance to me.

Order No. 436 - Pipeline Participation

Question 11: Very few pipelines have elected to file for a blanket certificate and become an open access transporter pursuant to Order No. 436.

a. Why haven't more pipelines elected to become an open access transporter?

Answer 11a: Order No. 436 changes the relationship between pipelines and their customers as well as their suppliers. These changes have important implications for pipeline operations, revenue expectations and take-or-pay obligations. It is reasonable to expect that pipeline managements will attempt to estimate the extent of customer elections to reduce or convert firm sales entitlements and to determine the probable impact upon future take-or-pay obligations. It is also reasonable to expect that they will assess both present and future market conditions to determine both the benefits and consequences of participation. The decisionmaking process will differ between companies simply because their operations and markets differ. Consequently, it will take time for the decisions to be made.

Question 11b: What impact will Order No. 436 have on the direct and indirect customers of a pipeline that does not elect to become an open access transporter?

Answer 11b: Order No. 436 is designed to provide more supply options to the direct and indirect customers of pipelines which should enable them to achieve gas costs more nearly approximating commodity value in the marketplace or at the burnertip. Should a pipeline elect not to become an open access transporter, its direct and indirect customers would not have access to these market responsive supplies, and loads could be lost to further conservation and alternate supplies, including other energy sources. Where customers have other pipeline options, both interstate and intrastate, that are willing to provide open access transportation, the customers can be expected to utilize those options to the extent physically and economically feasible. This could result in the displacement of sales by the nonparticipating pipelines.

Question 11c: What steps can the Commission take to encourage pipeline participation? What measures are currently under consideration?

Answer 11c: The Commission's decision to extend until July 1, 1986, the opportunity to initiate or continue section 311 transactions without triggering the CD reduction/conversion options provides more time for pipeines to determine whether to participate. It also enables them to assess more accurately the impact of participation versus nonparticipation based upon actual operation. Willingness on the part of the Commission to consider pipeline specific proposals should also encourage participation. There are three such proposals currently pending, and the Commission's action on those proposals will greatly affect both the nature and extent of future participation.

Question 11d: If individual pipelines are successful in negotiating with their customers and suppliers a settlement directed towards implementing the spirit of Order No. 436, but which may vary from its letter, will the Commission be willing to consider these negotiated settlements?

Answer 11d: The Commission will be willing to consider whether these proposals are consistent with the principles and objectives of Order No. 436.

Order No. 436 - Protest of NGA Section 7(c) Applications

Question 12: The Commission notes on p. 18 of its FY 1987 budget request that "Several industry groups...have indicated that they intend to protest all section 7(c) transportation applications as being an attempt to subvert the intent of Order No. 436."

a. Who are the groups that are referred to?

Answer 12a: The Maryland People's Counsel, Michigan Consolidated, Hadson Gas Systems, Inc., and Citizen/Labor Energy Coalition have publically announced plans to protest all section 7(c) applications involving transportation except between pipelines.

Question 12b: Have these groups in fact protested all section 7(c) applications?

Answer 12b: They have not done so, to date. They have protested certain filings where they may be directly affected.

Question 12c: Would these groups have standing to protest all section 7(c) applications?

Answer 12c: It is questionable whether they would have legal standing to protest all section 7(c) filings.

Question 12d: Does the Commission consider a 7(c) certificate as a "subversion" of Order No. 436, as apparently do the industry groups referred to by the FERC budget request?

Answer 12d: The Commission made it clear in Order No. 436 that section 7(c) was an option that would continue to be available for transportation as well as sales. In Order No. 436-A the Commission stated that section 7(c) certificate applications will be processed on an expedited basis. The advantage that the Order No. 436 program has is the ability to self-implement transportation rather than wait for approval.

Question 12e: What are the criteria on which the Commission bases its decision to grant or deny a section 7(c) application?

Answer 12e: The criteria employed by the Commission in determining whether to grant or deny a section 7(c) certificate application is the public interest, which involves considering all factors that weigh upon the individual proposal. These factors include availability of gas supply, potential markets to be served, adequacy of facilities, cost and financing, projected rates and revenues, positions of intervenors, and environmental impacts.

Question 12f: Is it the Commission's intention that the transportation system established by Order No. 436 be the exclusive means for pipelines to transport gas for others, or is it possible for a pipeline to utilize the section 7(c) authority to transport gas for others?

Answer 12f: The Commission has made it clear that section 7(c) certificates are an option that continue to be available. Since October 9, 1985, there have been 87 certificates issued which authorized transportation services.

Question 12g: Is there anything in Order No. 436 that restricts the availability of section 7(c) transportation certificates?

Answer 12g: There is nothing in Order No. 436 that restricts the availability of section 7(c) transportation certificates.

Question 12h: Does the Commission prefer that pipelines use Order No. 436 rather than the section 7(c) authority to provide transportation for others?

Answer 12h: It would obviously reduce the burden upon the Commission if pipelines elected to utilize Order No. 436 for transportation. Also, the self-implementing provisions of Order No. 436 would enable the pipelines to respond more expeditiously to requests for transportation and the flexible rates would enable the pipelines to respond to competitive circumstances. The open access provision of order No. 436 would make pipeline capacity available to more shippers which would increase competitive pressures and tend to reduce prices, particularly during this period of surplus supplies.

Question 12i: Does the Commission intend to fully utilize its section 7(c) authority to authorize transportation services?

Answer 12i: Yes.

Question 12j: What is the likelihood that a pipeline that does not elect to become an open access transporter pursuant to Order No. 436 will be able to obtain a section 7(c) transportation certificate to move gas for others?

Answer 12j: There is nothing that precludes a pipeline from electing to seek individual section 7(c) certificates. The NGA prohibits undue discrimination, and the Commission will certainly evaluate a pipeline's approach toward transportation to determine whether it appears to be unduly discriminatory.

Question 12k: Will the Commission condition section 7(c) certificates on pipeline participation in Order No. 436?

Answer 12k: No such condition has been applied.

Order No. 436 - Section 311 Authority

Question 13: Section 311 of the Natural Gas Policy Act authorizes transportation of natural gas by interstate pipelines without having to obtain a certificate under section 7(c) of the Natural Gas Act.

a. Does Order 436 restrict, condition, or limit the use of section 311 in any way?

Answer 13a: Order No. 436 imposes the same conditions on interstate pipelines transporting under Section 311 as those imposed under the blanket authority. However, intrastate pipelines transporting under section 311 are not subject to the firm service requirements, the CD reduction/conversion options or the rate conditions; they are subject to the open access condition to the extent they elect to provide transportation in interstate commerce.

Question 13b: Is it not correct that under Order No. 436, use of section 311 authority after July 1, 1986, would require a pipeline to allow its customers to exercise the CD reduction/conversion right of Order No. 436?

Answer 13b: It is correct that transportation by interstate pipelines under section 311 after July 1, 1986, would trigger the CD reduction/conversion options.

Question 13c: Does the Commission believe that Congress intended for the Commission to limit or condition use of section 311 authority by subsequent Commission regulation? What is the legal basis for that conclusion?

Answer 13c: Section 311 of the NGPA extends to the Commission the authority to approve transportation by interstate pipelines and both sales and transportation by intrastate pipelines under whatever terms and conditions it considers appropriate. Section 311(c) of the NGPA states that "Any authorization granted under this section shall be under such terms and conditions as the Commission may prescribe."

Order No. 436 - Transportation Charges to Affiliates

Question 14: Under Order No. 436, can a pipeline charge its own affiliate less for transporting gas than it charges non-affiliates?

Answer 14: Order No. 436 permits pipelines to discount their transportation charges in response to competitive circumstances and to be at risk for so doing. If competitive circumstances warrant, a pipeline may charge its affiliate less. Discounted rates must be reported to the Commission, and they will be reviewed to determine whether pipelines are favoring affiliates.

Question 14a: Under what circumstances can a pipeline discriminate in transportation charges between two shippers who are similarly situated?

Answer 14a: If two shippers are similarly situated, it would appear that no circumstances would justify discrimination in transportation charges. If the competitive circumstances of the two shippers differ, a pipeline may be able to discriminate in transportation charges.

Question 14b: Will the ability to discriminate in charges give pipelines an ability to extract price or other concessions from producers, particularly from independent producers? Is this result the intent of the Commission?

Answer 14b: Since the pipeline will be offering only a transportation service, the negotiation between the producer and the shipper will be conducted separately. It is expected that the pipeline charge will depend upon what is necessary to assure utilization of the system.

Order No. 436 - Take-or-Pay Obligations

Question 15: When a pipeline customer exercises its CD reduction right pursuant to Order No. 436, who will bear the costs associated with the take-or-pay obligations that were previously being borne by that customer?

Answer 15: The take-or-pay obligations of pipelines and who will bear the costs associated therewith are expected to be issues that will be resolved in rate proceedings where all costs and the reasons for their incurrence can be fully explored by the parties.

QUESTIONS FOR THE RECORD FROM

SENATOR CHIC HECHT

Question 16a: What would be the impact on the consumer — both positive and negative — if Congress were to deregulate natural gas?

Answer 16a: As you know, prices for crude oil and refined petroleum products have already been deregulated with positive results for the nation's consumers. I believe that similarly beneficial consequences would result from the deregulation of domestic natural gas supplies. In my judgment, comprehensive deregulation of natural gas prices, coupled with repeal of demand restraints and pipeline participation in the Commission's voluntary open access transportation program, would result in more competitive gas prices for consumers over the long term than would otherwise be the case under partial decontrol as prescribed by current law.

Question 16b: Would this tend to increase or decrease domestic production?

Answer 16b: Under decontrol, natural gas production levels and prices would be dictated by the market rather than by statute and regulation. I am convinced that the market is a far more effective regulator than the government where the allocation and pricing of energy resources are concerned.

Question 17a: If Congress does agree to your requested increase in service charges/fees, explain why you recommend these funds go directly to the Treasury?

Answer 17a: The key point is that funding for the FERC should not be dependent upon the revenue it collects since that would place the Commission's statutory responsibilities at the mercy of revenue receipts. I am concerned about the operation of the Commission being dependent upon the level and timing of revenue, especially since a large percentage of the revenue from hydropower annual charges is received in the last quarter of the fiscal year.

Question 17b: Wouldn't it be more appropriate to use the income to finance the Commission and possibly make it self-sustaining?

Answer 17b: Under the FY 1986 appropriation language the Commission is appropriated the full amount of its operating costs with revenue to be used to offset the total appropriation. I believe Congress' approach of appropriating the full amount to the FERC and adjusting actual appropriations after fee revenue is received best serves the operational needs of the Commission while applying fee revenue against our appropriation.

The Commission's estimated revenue amounts for FY 1987 include approximately $26 million in additional revenue based on the new annual charges legislation that was again submitted to the Congress in May 1985. With this additional revenue the Commission will offset approximately 80% of its operating costs in FY 1987.

QUESTION FOR THE RECORD FROM

SENATOR DANIEL J. EVANS

Status of Bonneville Power Administration (BPA's) 7(k) Rate Case

Question 18: Last year, I asked the Commission to inform me of the status of the 7(k) rate case of BPA's 1981 rates regarding the pricing of non-firm electricity from the Northwest to the Southwest. ALJ Miller ruled in an Initial Decision on November 27, 1984, that BPA had grossly undercharged its non-firm exportable rates, and had thus failed to price at a level which would recover the federal investment in BPA. You informed me that all exception briefs had been filed by the end of February, 1985, and that it was being sent to the staff of the Electric Power Regulation Division for review. You indicated that such a review would take three to four months.

Almost a year has passed since that date. The Commission has failed to act on this important rate case to the Northwest from BPA's 1981 filing. In the meantime, the comparative energy situation on the West Coast is changing rapidly with falling prices for oil and natural gas. Therefore, it has become increasingly important for the Commission to issue a final decision.

Question 18a: Why has the Initial Decision from ALJ Miller not been brought before the Commission for a final decision?

Answers 18a: In my new capacity as Acting Chairman, I have only recently acquired the authority to direct staff efforts, including the scheduling of matters to be considered by the Commission. I have been informed by staff that the opinion on the initial draft has taken an inordinate amount of time to prepare because of the novelty of the issues and the voluminous record.

This proceeding is the first to come before the Commission under section 7(k) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980. As such it is the first proceeding in which the question of rates for sales of non-firm energy by BPA to purchasers outside the Pacific Northwest (PNW) has been fully litigated by the parties. Indeed, the Commission has not historically examined any of BPA's rates through trial-type proceedings. Initial questions are therefore presented concerning the Commission's new functions under the Regional Act and the appropriate substantive and procedural standards to apply.

Question 18b: When do you expect that it will be brought before the Commission for a final decision?

I share your concern that a resolution of the issues concerning BPA's rates for non-firm energy be achieved as soon as possible. I consider this to be a top priority case, and I anticipate that a draft opinion will be ready for consideration by the Commission in the spring.

Question 18c: Would you please provide me with all Commission staff analysis or memoranda regarding the issue of non-firm electricity export rates from the Pacific Northwest under jurisdiction of BPA?

Answer 18c: Because the Commission staff is still evaluating the issues in this complex case, no memoranda concerning the case have been addressed to the Commission by the staff. The briefs that have been filed in response to the Initial Decision are voluminous. However, the Commission will provide copies of these materials at your request.

Question 18d: ALJ Miller ruled in the Initial Decision that BPA should charge at least 20-22 mills for non-firm rates in order to recover its total costs. He suggested a share-the-savings approach that would set the rates between BPA's average system cost and the decremental rates for the purchaser. Do you believe that this is an appropriate way to price non-firm power?

Answer 18d: As noted, the analysis of this question and of the record evidence concerning it is still ongoing. While the Commission has permitted such rates in other contexts, at this juncture, I cannot comment on the merits of particular rate design methodologies or on their overall consistency with the specific statutory requirements under which BPA operates.

PROPOSED FISCAL YEAR 1987 BUDGET REQUEST

(U.S. Forest Service)

WEDNESDAY, FEBRUARY 19, 1986

U.S. SENATE,
COMMITTEE ON ENERGY AND NATURAL RESOURCES,
Washington, DC.

The committee met, pursuant to notice, at 2:46 p.m., in room SD-366, Dirksen Senate Office Building, Hon. James A. McClure, chairman, presiding.

Present: Senators McClure, Evans, Melcher, Bingaman, and Rockefeller.

Also present: Richard D. Grundy, senior professional staff member; Jeff Arnold, professional staff member; D. Michael Harvey, chief counsel for the minority; and Thomas B. Williams, professional staff member for the minority.

Senator EVANS. The hearing will come to order.

As is so often the case, we have been delayed somewhat by a vote on the floor. The chairman should be here somewhat shortly, but in order to have things proceed, we will start the hearing.

OPENING STATEMENT OF HON. DANIEL J. EVANS, A U.S. SENATOR FROM THE STATE OF WASHINGTON

Senator EVANS [presiding]. Our witnesses this afternoon are Peter C. Myers, Assistant Secretary for Natural Resources and Environment of the Department of Agriculture, and Max Peterson, Chief of the Forest Service.

Over the last 5 years there has been a significant redirection of the policies and programs for management of our National Forest System. This redirection has resulted in greater management emphasis on production and increased development of our national forests as a vital natural resource. For 1982, the requested budget for the Forest Service was $2.3 billion. By comparison, your request for fiscal year 1987 is $1,735 million. Moreover, this is a further reduction of $240 million below the fiscal year 1986 appropriation after sequestration. It means that we will have to do a lot more with a lot less. I know that the Forest Service in recent years has, from my own experience, responded marvelously, especially with the added intensity of effort required with the number of wilderness bills which have gone through the Congress in just the last several years. When that is combined with the requirements for forest planning, it has put an extra burden on the Forest Service just at a time when the budget has been cut rather substantially.

So my congratulations to those of you who are doing the job for the fact that it is getting done so well with so relatively little in the way of resources.

With that introduction, I would like first to ask Hon. Peter C. Myers, Assistant Secretary for Natural Resources and Environment for the Department of Agriculture to come forward and testify.

And Max, if you would like to come forward also and proceed right from one into the next.

The CHAIRMAN [presiding]. Good afternoon, gentlemen. We are glad to have you gentlemen here. Please go ahead, and thank you, Senator Evans, for starting this out for us.

Senator Bingaman, do you have an opening statement?

Senator BINGAMAN. Oh, I have a very short one, Mr. Chairman.

STATEMENT OF HON. JEFF BINGAMAN, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator BINGAMAN. Let me just indicate that I am concerned with the priorities that are set out in this budget as well as, obviously, the proposed cuts. I think the cuts may be required for fiscal restraint reasons, but I am concerned that the Forest Service traditional role as a multiuse land management agency may be in danger, and the budget in my view moves the agency much closer to a single-use purpose. I think there is a strong bias in the budget for timber sales management and forest roads construction at the expense of other programs such as State and private forestry, reforestation, trails, recreation, pest management, fire protection, cooperative law enforcement, maintenance, and of course, land acquisition.

So I will have some other questions, Mr. Chairman, as we go through this hearing, but I am concerned with that aspect of the budget.

The CHAIRMAN. Thank you.

Gentlemen, your prepared statements will be placed in the record in full, and you may summarize or highlight that in whatever way you would prefer.

STATEMENT OF HON. PETER C. MYERS, ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT, DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY R. MAX PETERSON, CHIEF, FOREST SERVICE, DEPARTMENT OF AGRICULTURE

Mr. MYERS. Thank you, Mr. Chairman. It is a pleasure to be here with you this afternoon, since we were in Idaho just recently on a little different situation, with more snow.

The CHAIRMAN. Well, I recognize that the planned tour of the forests in the panhandle was made a little difficult with about 10 inches to a foot and a half of snow on some of that area that perhaps you from Missouri wouldn't be familiar with.

Mr. MYERS. Well, I did see a little of it Sunday afternoon and Monday morning.

The **Chairman**. I'm glad you did, and I hope you'll come back and look at it under more favorable circumstances.

Mr. **Myers**. I intend to.

I will just briefly summarize my statement.

As you well know, I am accompanied by Max Peterson, the Forest Service Chief, and basically what my statement would entail would be obviously the need to reduce Federal expenditures, including those of the Forest Service. Another item that we would address would be the Forest Service Bureau of Land Management interchange; another item, a proposal to change payments to States to a net receipts basis, and also the item of recreation user fees. And I won't digress in detail on any of these, Mr. Chairman. They are in my written statement.

I will just stop my opening remarks and let Mr. Peterson discuss the details of the 1987 budget.

[The prepared statement of Mr. Myers follows:]

STATEMENT OF
PETER C. MYERS
ASSISTANT SECRETARY
U.S. DEPARTMENT OF AGRICULTURE

Before The Senate Energy And Natural
Resources Committee

February 19, 1986

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I welcome the opportunity to appear before you today to discuss the FY 1987 budget for the Forest Service. I am accompanied by R. Max Peterson, Forest Service, Chief.

Before Chief Peterson discusses the highlights of the Forest Service budget, I think it is necessary to cover a number of policy issues: (1) the need to reduce Federal expenditures, including those of the Forest Service; (2) the Forest Service/Bureau of Land Management interchange program; (3) a proposal to change payments to States to a net receipts basis; and (4) recreation user fees.

Reducing Federal Expenditures

The President has emphasized the need to move toward a balanced budget by reducing government spending, rather than by raising taxes. He is committed to reducing the role of the government in the economy as well as eliminating waste and improving management practices.

To help achieve the goal of lower Federal expenditures, the 1987 budget for the Department of Agriculture, along with other Federal agencies, is purposefully restrained. The administration's budget and legislative proposals are intended to foster increased economic activity while reducing the cost of the present Federal programs and the drain on the National budget.

The proposed budget authority in 1987 for managing Forest Service programs is about $1.7 billion. This amount provides for a continuation of important research projects, pest suppression on Federal lands, a 10 billion board feet timber sale program, and a level of other resource programs suitable to meet the needs of the American people from their National Forests and Grasslands.

The productivity of Forest Service programs will be improved by carefully controlling costs, adjusting management procedures, and paying close attention to benefit-cost relationships. The objective is to produce timber, recreation, and other products or services at the lowest unit costs. Careful attention will be given to both market and nonmarket values of resources, such as water quality, and their associated costs.

Receipts generated from lands managed by the Forest Service are expected to be about $1.3 billion. This level of receipts reflects both improvement in the economy and efforts of this administration to bring the American people a financial return from the public lands.

Forest Service/Bureau of Land Management Interchange

A legislative proposal to authorize an interchange of 25 million acres between the Forest Service and Bureau of Land Management was submitted to the Congress yesterday.

The legislation proposes that 15 million acres be moved from the Bureau of Land Management to the Forest Service, and 10 million acres be moved from the Forest Service to the Bureau of Land Management. This is a refinement of what we discussed one year ago, based on public comment, discussions with members of Congress, and more thorough analysis. The budget proposes $5 million to implement this interchange.

The interchange will consolidate offices, improve service to the public, and enable more efficent and effective land management. It will enable the two agencies together to reduce staffing by about 370 positions.

We expect that the interchange will cost the Forest Service about $14.4 million to implement over a 3 year period, but result in estimated savings of $8.4 million per year once it is fully implemented. We urge the Congress to move expeditiously on this piece of legislation.

Proposed Payments to States Legislation

The 1987 budget proposes to change the basis for payments to States from a sharing of gross receipts to a sharing of net receipts. The Forest Service would deduct from timber and mineral receipts related program costs which are necessary to manage the lands to generate these receipts. Shares of these receipts to be paid to State or county governments would be calculated after related costs are deducted.

In concept, this proposal is like profit sharing in the private sector. Two primary reasons underlie this proposal: (1) Under current law the Federal government, after giving States a share of Forest Service gross receipts and after paying related Federal costs, often realizes a net loss; and (2) sharing receipts on a gross basis, as is now done, rather than on a net-of-costs basis, gives States the incentive to seek management options where costs may exceed total receipts.

Recreation User Fees

A legislative proposal to increase receipts from user fees is currently being developed and will be submitted to Congress in the near future. This legislation will allow the recreation users to support funding of costs associated with developing and operating recreation resource opportunities. Those who receive the benefits should pay for a reasonable portion of the costs. The legislation is designed to return the fees to the Forest Service under a receipts account to be used for operation and maintenance of recreation sites.

This concludes my opening remarks. Mr. Peterson will now discuss details of the FY 1987 budget.

The CHAIRMAN. Thank you.

Mr. Peterson.

STATEMENT OF HON. R. MAX PETERSON, CHIEF, FOREST SERVICE, DEPARTMENT OF AGRICULTURE

Mr. PETERSON. Thank you, Mr. Chairman.

Being unsure what kind of time you have, I have some charts that we can show, or I can dispense with that and summarize at your pleasure.

The CHAIRMAN. I will defer to my colleagues that are here present whether they want to go to that or just go to questions.

Do you want to see the charts?

Senator BINGAMAN. Sure. I like charts.

The CHAIRMAN. Besides, we are so frugal, we do not want you to have wasted your money in preparing them.

Mr. PETERSON. We consider these multipurpose charts. We first use them with the Department and then with OMB and then with the Senate, and we expect to use them with the House, and then we will photograph them for next year. [Laughter.]

Senator EVANS. I hope you have greater success with us than with OMB.

Mr. PETERSON. We hope so.

The CHAIRMAN. Maybe OMB does not like charts. [Laughter.]

Mr. PETERSON. Oh, I think they like charts.

Rather than to read a statement, I think it is helpful to look at these major considerations that we needed to deal with when we put our budget together, the large budget deficit, and look at how we might increase receipts to the Federal Government, where that's possible, which includes the recreation user fee idea; looking at housing starts and what that might mean to the future need for goods and services of the national forests. As Senator Evans already mentioned, the budget reflects about an additional $27 million for management savings. In other words, we have had a number of years now where we've tried to scrutinize everything that we're doing. We've had productivity improvement teams looking at what we're doing and trying to really find ways that we could save money without decreasing service.

We have looked at research backup for, first, the resources and technology needs, including such major questions as acid rain or atmospheric deposition, to determine where or how we might find better answers, also for insect and disease questions.

The budget does reflect a greater reliance on State and local governments to handle private land needs, and we are reflecting in this budget the nearing completion of land management plans, of trying to reflect the plans themselves in the budget request so the plans don't just become something to put on the wall.

As I am sure you are aware, housing starts have recovered rather dramatically from 1981 and 1982, and predictions are that if interest rates continue to moderate, we will see some continuing increase in housing starts. That was a particularly difficult problem for us as we put the budget together, to try to deal with future timber sale levels, because we had, as you know, a very large amount under contract. Part of that has been turned back. What you see in the budget is a reflection of decreasing slightly the number of years of timber under contract, going from about 3.4, say, to 3 years in many cases, recognizing that you cannot provide those outlays, now. You don't get receipts back in the same year. So you need to have some kind of inventory adjustment.

Some of the things we looked at in terms of management savings were not only just savings in internal costs, but how could we increase revenues by looking at costs that timber purchasers might bear and others might bear, that we might reduce those costs in order to make things more efficient. We've specifically reduced administrative support and planning costs. We've had productivity teams, as I mentioned, look at reforestation, timber sale procedures, and wood residue. We have increased the efficiency of our data processing. We have looked at information handling. And this is where we need a little help from you. We have cut in half the amount of information we require in this office because, over the years, information has flowed into here in reports because somebody asked for it. We find sometimes we are still collecting information that nobody is asking for now, and we have tried to cut that in half. With new, computerized equipment, we can get the information, but you may have to wait a day or two or three. We won't have it instantly on hand in this office. That will save a great deal of money and also reduce the number of staff we have here.

We're going through another reduction of probably 10 or 15 percent of our staff here because if we make reductions in the field, we feel like we should make reductions here, too, and not have reductions only in the field.

The CHAIRMAN. Could I interrupt at that point, because I do not want to forget this point.

Our tendency here has always been—and you have always supported the idea—that if we want information, we should ask you.

Mr. PETERSON. Yes.

The CHAIRMAN. And ask you here.

Mr. PETERSON. Right.

The CHAIRMAN. That has translated sometimes into a request that we do not ask at the regional or forest level but we ask here.

If you are going to decentralize the information base, are you willing that you also accept as a corollary to that, that requests for information may flow in greater volume directly to the forest supervisor, the regional forester, or to the ranger district?

Mr. PETERSON. Absolutely. In fact, we encourage Members of Congress to ask for supervisors directly so that we don't have to ask him and then pass it on.

The only thing we ask the forest supervisor, if he provides something to you, please give us a copy so that if it's different than the information we've got, we can somewhat try to reconcile it. But we encourage you to ask the supervisor or the ranger directly.

The CHAIRMAN. Thank you.

Mr. PETERSON. Looking at research, the appropriation level in 1986 was $126 million. The proposed was $111 million, an 11-percent reduction, and the primary reduction there is in competitive grants. As you know, those are multiyear grants. The grants that are to be made this year will carry over partially in 1987. So we are trying to keep a strong research effort particularly devoted to protection of resources, insects, diseases. We also continue strong effort in atmospheric deposition.

Now, you may notice about a $2 million reduction in vegetative surveys that is related to atmospheric deposition. We frankly don't have all of the inventory techniques completed that we think we need before we send people out inventorying. We expect to finish that sometime in 1986 and begin that effort probably late in 1987, because there's no point in sending people out to inventory unless you know for sure what you are trying to inventory. That reflects not a reduction in the importance of that effort but simply a schedule problem.

This is State and private. As Senator Bingaman has already indicated, the budget proposes to terminate the Federal financial assistance for State and private land with the concept that that is more properly a State and local responsibility.

That, of course, includes financial sharing in fire as well as insect and disease. We would continue the special grant to the State of Minnesota that is related to the establishment of the Boundary Waters Canoe Area. That is an agreement by Congress that has been establishing a large wilderness area. We need an increased investment to offset that.

The National Forest System, the total numbers there indicate about 11 percent reduction. I want to call your attention to two or three things that you could miss in a fast reading of the budget. I've already indicated that a timber sale program is at 10 billion board feet, which reflects an inventory adjustment of the amount under contract. We spent a lot of time dealing with this. It would be desirable in many respects to increase that slightly because of housing starts, but we see this inventory adjustment as feasible probably in 1 year. It's not feasible to continue. We need to continue the harvest and sale level about the same.

In looking at our timber stand improvement and reforestation, in the summary you could miss the fact that there will be an additional $30 million transferred from the Reforestation Trust Fund. This makes that appropriated level $57 million instead of the $27 million that is shown in the document. That reduction from $90 million plus reflects completion of the feasible backlog in 1986. We hope to keep current from now on, so we don't develop a backlog.

The budget also shows a $52 million reduction in recreation in the National Forest system. If you look further down in the budget, it assumes $52 million from user fees, which we propose to take from land and water conservation funds as a start-up, and then legislation will be up here shortly. So, from then on, those will be user fees that will be returned to the Forest Service to do the recreation job.

All of the indicators are that that has good public support as long as the money is returned.

One other chart I think I need to show, and that is in construction. We are continuing to decrease the amount of money spent on construction, including road construction, as we are doing two things. We are being more critical of when we reconstruct or construct. We are also continuing to try to reduce costs of that entire effort.

OK, Mr. Chairman, maybe that quick overview is adequate for your questions.

[The prepared statement of Mr. Peterson follows:]

STATEMENT OF
R. MAX PETERSON, CHIEF
U.S. DEPARTMENT OF AGRICULTURE, FOREST SERVICE

Before the Senate Energy and Natural
Resources Committee

February 19, 1986

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I welcome the opportunity to appear before you today to discuss the FY 1987 budget for the Forest Service.

FY 1987 Budget

At the proposed funding levels, we will be able to continue emphasis on high priority research and provide a balanced resource management program on the National Forests and Grasslands. States are expected to assume more of their responsibilities for forest management assistance on non-Federal lands. We will further streamline our organization and programs to reduce costs and increase efficiency, while maintaining a suitable level of resource management and service to the public.

Forest Research

The proposed funding for Forest Research in 1987 is $111.5 million.

The funding proposed will enable us to concentrate on research that will help address the Nation's future resource needs and improve it's economic condition. We will continue to carry out important research work in all of our programs, while streamlining them.

We will emphasize the highest priority research work, including atmospheric deposition, old growth wildlife habitat, biotechnology, and international trade in forest products.

State and Private Forestry

The budget includes $24.9 million for Forest Service State and Private Forestry programs. This will change the Federal role in State and private forestry to one of providing specialized technical assistance primarily in fire and insect and disease control projects of national benefit. The Forest Service will collect and analyze data nationwide and serve as an information clearinghouse. The budget provides financial assistance to Minnesota for intensive forest management associated with the Boundary Waters Canoe Area.

The insect and disease suppression activities will be directed at Federal lands, giving high priority to treating adjacent or intermingled lands where needed to deal with infestations over an entire area.

Financial assistance to the states will be eliminated because states are technically qualified and are capable of funding their own forestry activities.

National Forest System

Proposed funding for the National Forest System appropriation in 1987 is $894.5 million. This level includes $5 million for the Forest Service/BLM Interchange proposal previously discussed.

Recreation use

We believe the recreation program as proposed will adequately deal with the increasing recreation demands being placed on the National Forests.

The FY 1987 budget includes a proposed new fund for operating and maintaining recreation facilities with money generated from recreation receipts. This proposal would return receipts to the Forest Service, to reduce regular appropriations needed to pay for operating and maintaining Forest Service recreation areas and facilities. Considering both funding sources, the Recreation program in FY 1987 is equivalent to the FY 1986 appropriated level.

Wildlife and Fish Habitat Management

Funding proposed for Wildlife and Fish Habitat Management in 1987 is $33.8 million.

Our priority is to do a good job in planning and coordinating with other resource activities, such as timber sales and road building, to minimize adverse effects and take advantage of opportunities to gain fish and wildlife benefits. Investments in habitat improvement work will be directed at high productivity areas and threatened and endangered species in the most critical situations.

Forest Fire Protection

Proposed funding for Fire Protection is $147.2 million. Fire presuppression activities and fire fighting forces will be maintained at about the same level as in FY 1985. We will continue to rely on the support of States and other agencies in emergency situations such as we had this past year. At the time of peak fire activities this past summer, we had about 20,000 people fighting fires, of which about 40 to 50 percent were not Forest Service employees.

Timber Sale Program

The proposed funding for the timber sale program, including all support except purchaser credit road construction, is $471.5 million. This will provide a timber sale level of 10.0 billion board feet, made up of 7.4 billion board feet of timber in new sales (including 810 million board feet of salvage) and 2.6 billion board feet of reoffer volume as a result of the Federal Timber Contract Payment Modification Act of 1984. The harvest level for 1987 is projected to be 11.2 billion board feet, the same level as expected in FY 1986.

Reforestation and Stand Improvement

Altogether, with appropriated and Knutson-Vandenberg funds, the budget proposes $177.5 million for reforestation and stand improvement work.

Within this, $119.9 million is proposed for reforestation, sufficient to reforest about 334,100 acres. Investments in reforestation will be deferred on some acres not associated with timber sales and where there are little or no environmental effects.

Forest road construction

Funding for the Forest Road Construction program is $178.5 million. The need for purchaser credit road construction is estimated at $154.3 million. This will permit construction or reconstruction of about 6,845 miles, about 450 fewer miles than projected in FY 1986. This is consistent with the trend toward less roading in recent years. About one-half of the mileage involved is reconstruction of existing roads, instead of construction of new roads.

The 1987 road construction program will emphasize access for timber sales, with roads that respond to immediate project needs. We will continue a strong emphasis on reducing road construction costs by building to the minimum road standard needed to meet the immediate land management objective.

Cooperative Law Enforcement

The budget for Cooperative Law Enforcement in 1987 is $2.5 million. This includes $2 million specifically directed at removing cannabis from National Forest System lands. The remaining funds will be provided to local law enforcement agencies for extra protection of the public and of property in high risk areas on National Forests.

Land Acquisition

The budget proposes $3.2 million to acquire lands where commitments have been already made and funding is available from past fiscal years. We will use land exchanges to the maximum extent practicable to acquire high priority tracts.

This concludes my prepared testimony. I will be glad to respond to any questions.

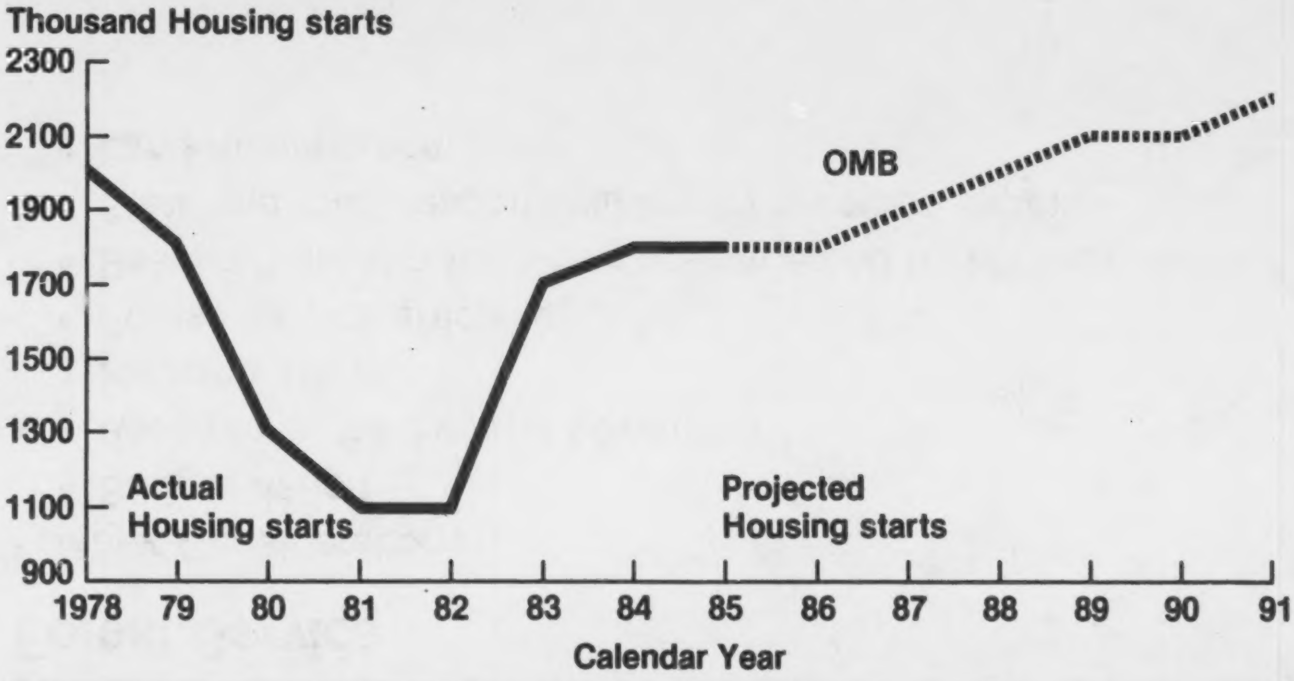
Forest Service

Major Considerations

- Budget deficit
- Receipts to the Federal government
- Housing starts
- Forest Service efficiency
- Research backup for future resource and technology needs
- State and local responsibilities for resource supplies
- Land management plans

Private Housing Starts 1978-91

Annual-Actual or Projections

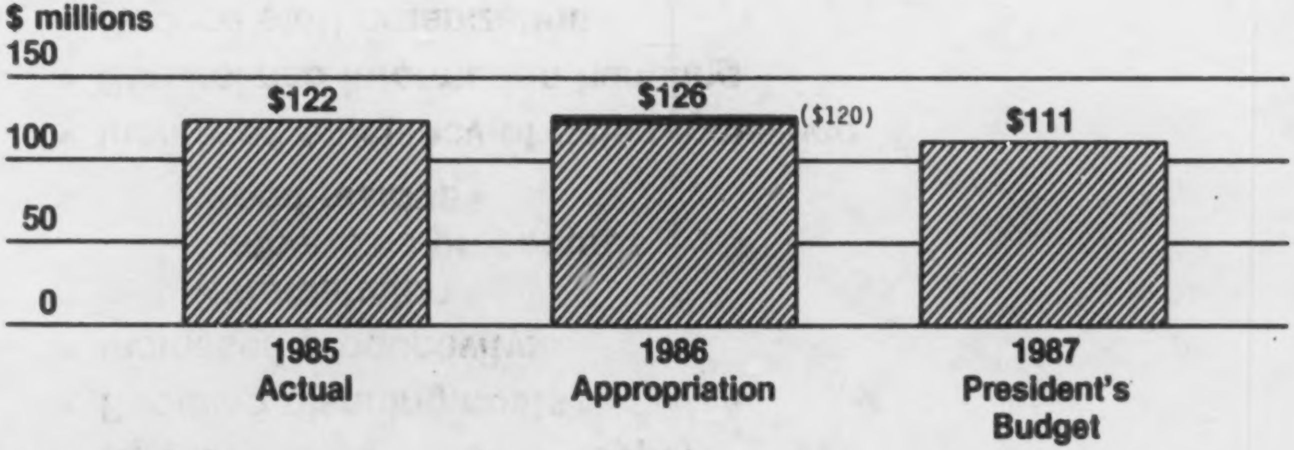


Forest Service

Management Savings

- Increased revenue
- Reduced administrative support
- Reduced planning costs
- Increased productivity:
    - Reforestation
    - Timber sale procedures
    - Wood residue
- Increased efficiency of data processing
- Streamlined information handling
- Reduce staff organizations

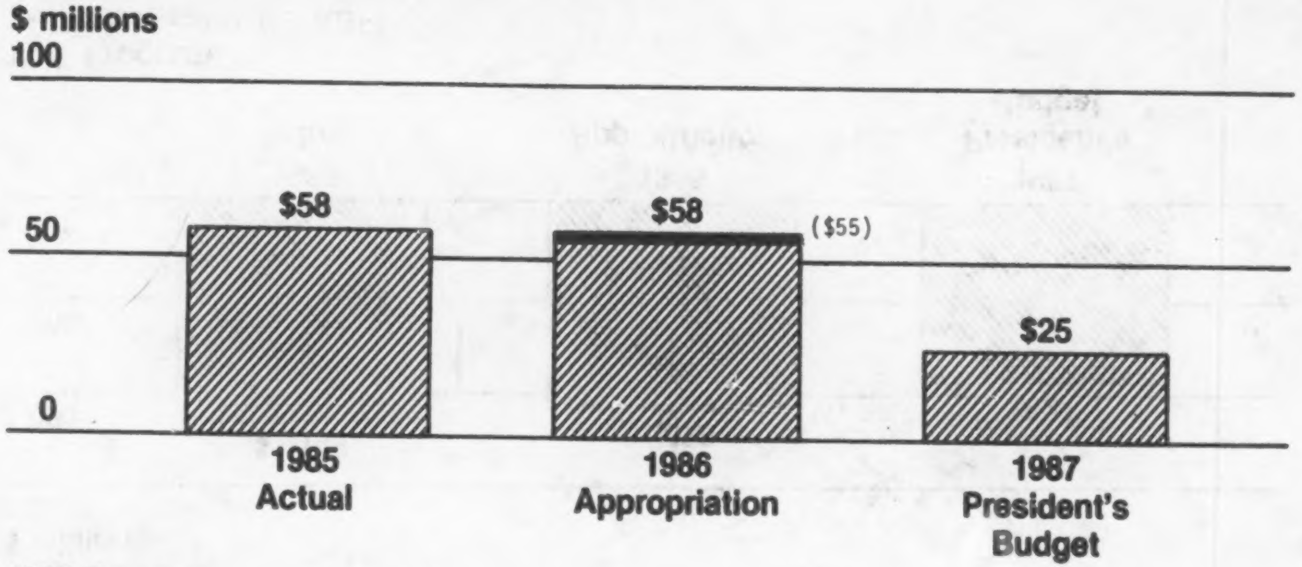
Forest Service
Research



1987 Program
- Timber management and genetics
- Protection of resources
- Acid rain
- Old-growth wildlife habitats
- Resource inventory and analysis
- Forest economics
- Forest products and harvesting
- Range, recreation, wildlife, fish, and watershed management

Forest Service

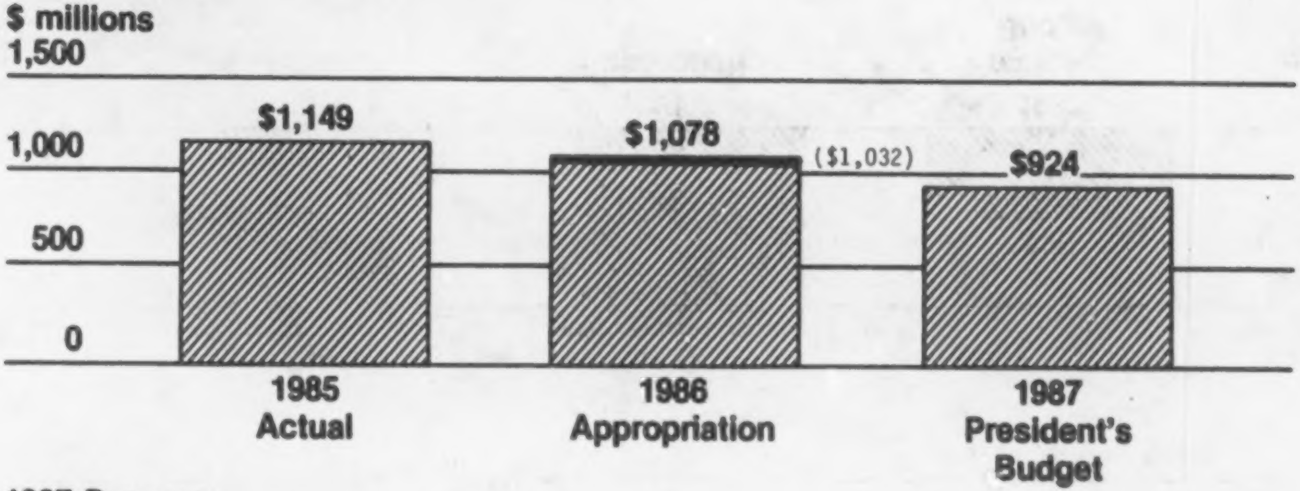
State and Private Forestry



1987 Program
- Forest pest management on Federal lands
- Special projects (B W C A)

Forest Service

National Forest System[1]



1987 Program

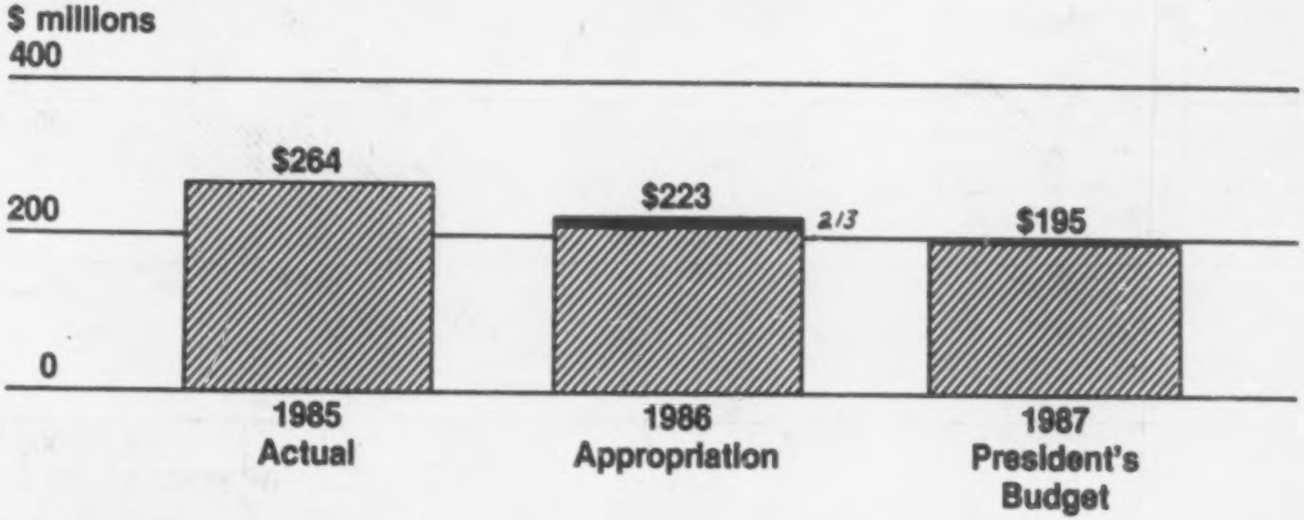
- Timber sales (10 BBF)
- Minerals
- Recreation ($52 million in proposed receipt account not included above)

[1] Includes Reforestation Trust Fund for consistency.

Forest Service

Construction

(Excludes Timber Purchaser Credit Program)

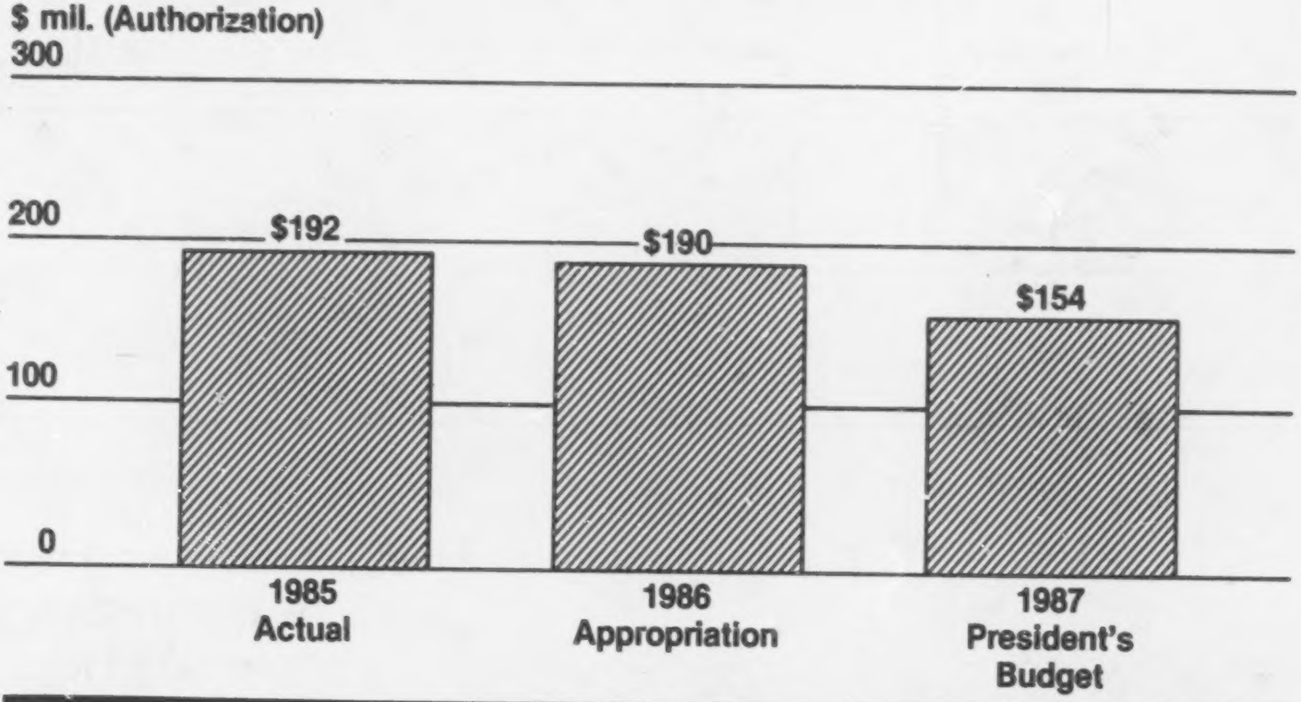


1987 Program

- Access for timber sales and resource management
- Critical support facilities, particularly health and safety

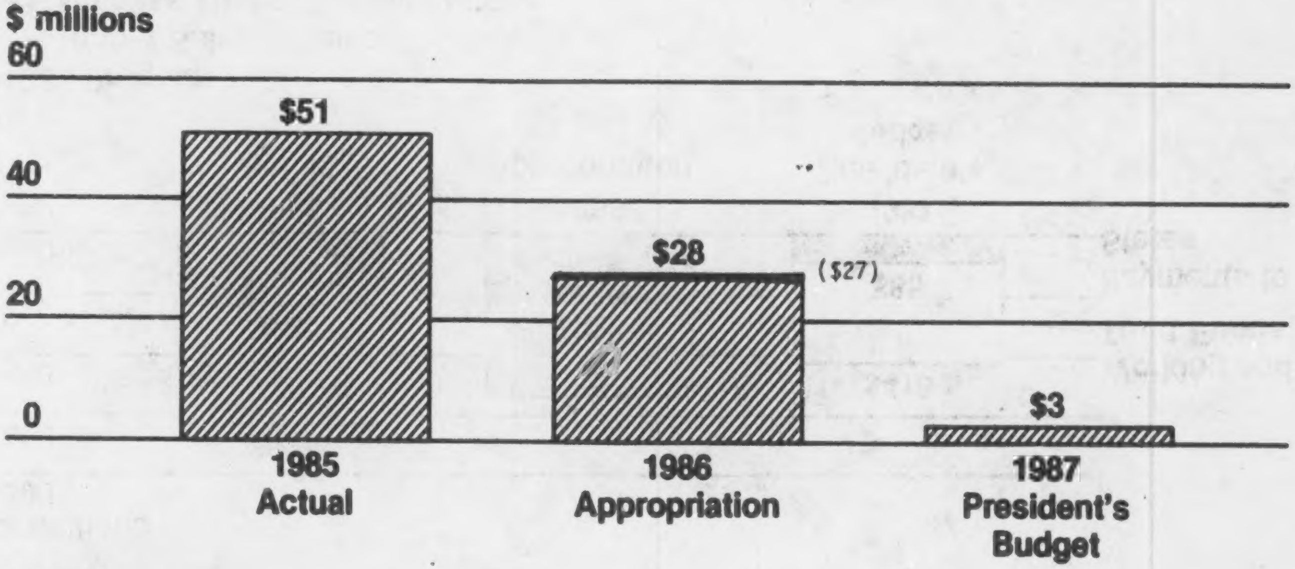
Forest Service

Timber Purchaser Credit Program



Forest Service

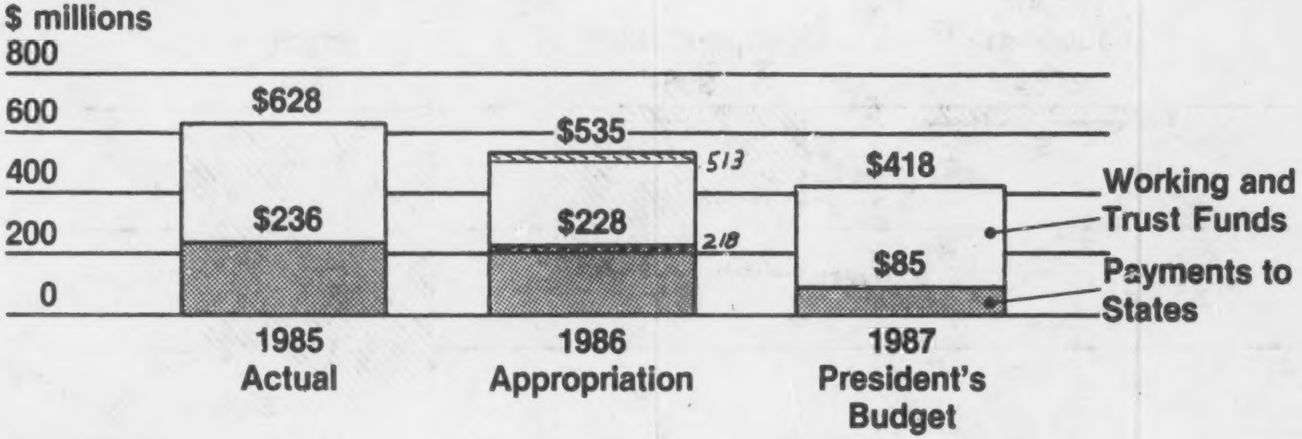
Land Acquisition



1987 Program
- Closing existing L&WCF cases
- No new purchases

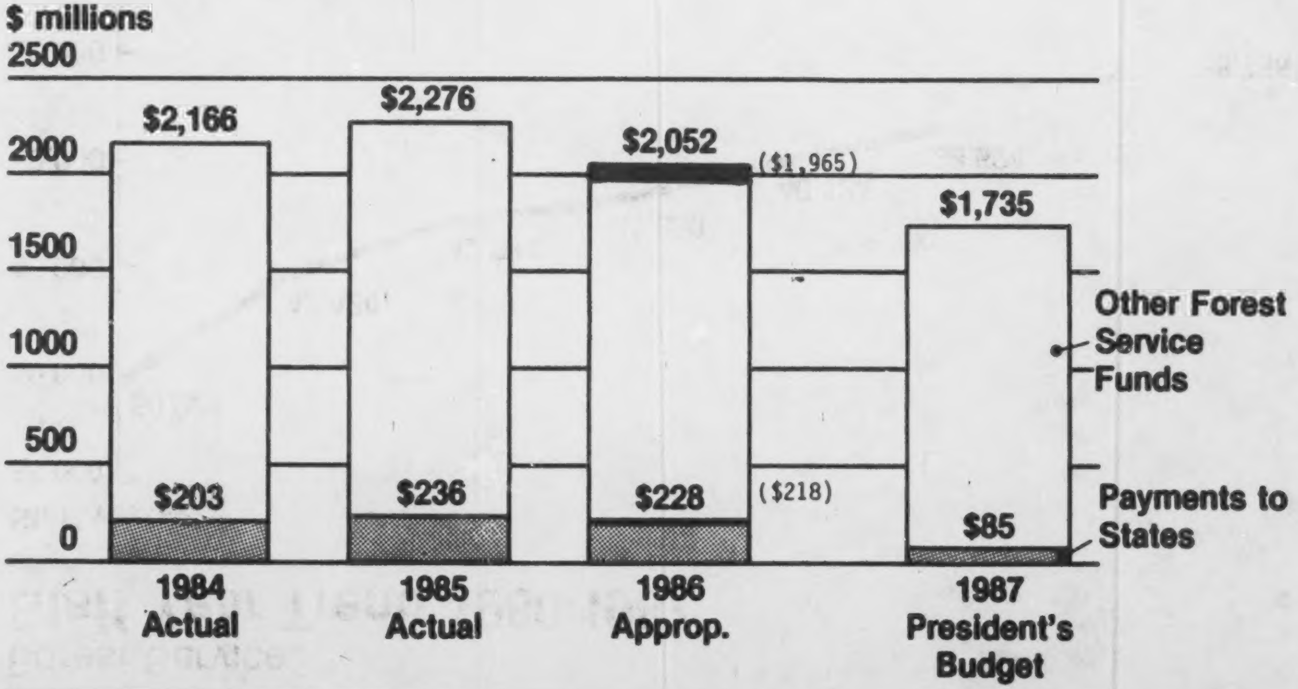
Forest Service

Permanent/Trust Funds



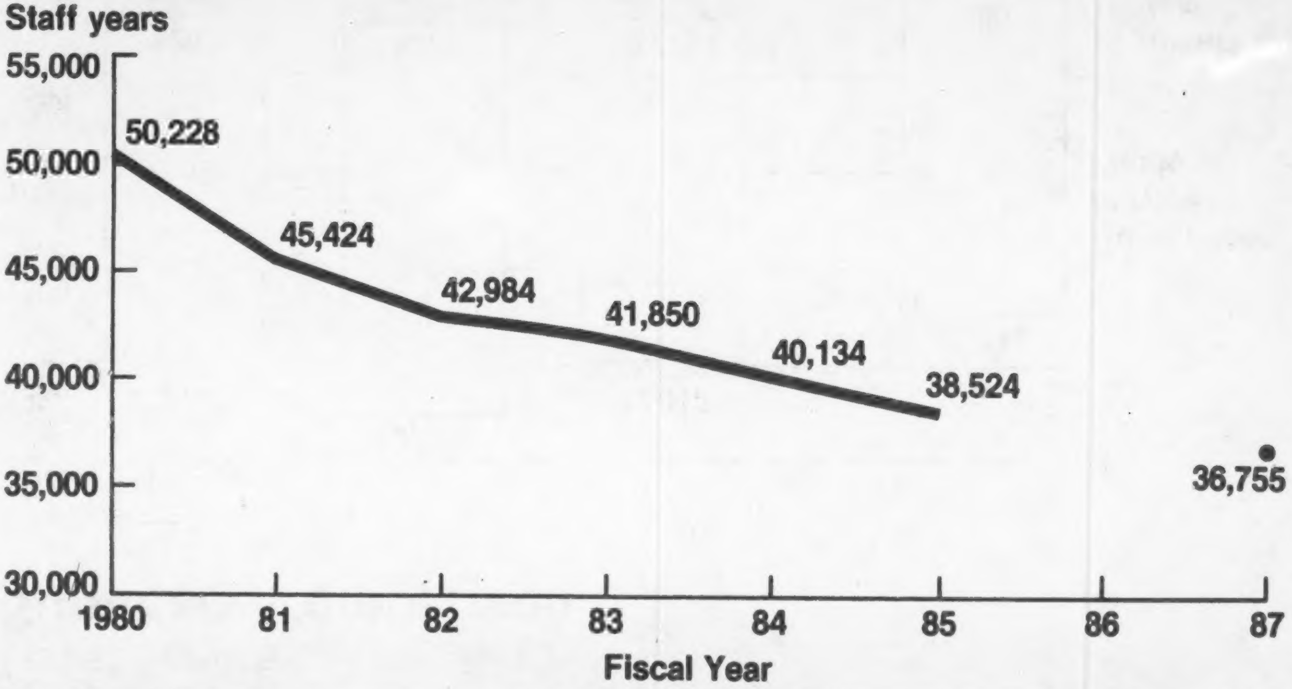
1987 Program
- Timber Salvage Sales
- Tongass Timber Supply Fund
- Brush Disposal
- KV Reforestation and Timber Stand Improvement
- Payments to States on a net receipts basis

Forest Service
Summary Comparison



Forest Service

Staff Year Trend 1980-1987



The **Chairman**. Thank you very much, and I will defer to my colleagues before I start my own round, and if we can on the first round confine ourselves to ten minutes, and then we will come back and complete the questions as each member has had an opportunity to participate in the first round.

Senator Evans.

Senator **Evans**. Thank you, Mr. Chairman.

One of the charts related to housing starts, and it is that expectation of housing starts that I would presume drives the timber sales. At least it is a major factor in your anticipation of the requirements of timber sales.

Although you show housing starts, as I remember, flat for 1986 and then starting up at a fairly substantial rate from 1986 through the end of the decade, I guess my question is to what degree have you taken into account the fact that a housing start today is probably not what a housing start was 10 or 15 years ago? And I know I have asked this same question of a number of people in the timber industry, and I get somewhat varying answers, but they all tend to be in one direction, and that is that there is not as much wood per house used now, and the average size of the house built now is not as large as it was a few years ago, and when you take those two things in combination, there is a fairly significant difference in the unit amount of wood per housing start. And so you have got to look with some considerable skepticism at just housing starts as a generator of a need for wood and wood products.

To what degree have you tried to examine that?

Mr. **Peterson**. Senator Evans, you are correct. We follow housing starts in terms of both housing starts and the need for wood by sampling actual plans and looking at what they have in them. Contrary to conventional wisdom, the size of houses, though, has continued to increase, not decrease, but the amount of wood used in multifamily housing is going down slightly. The amount of wood used in single family housing is going up slightly.

Senator **Evans**. And do you find that the share of total housing, that is, multifamily as opposed to single family, is going up?

Mr. **Peterson**. Not really that much. All of the predictions for the late 1970's and 1980's was a great swing to multifamily housing. That simply has not occurred very greatly. There has been a little bit of change, particularly during the past years when the economy was in tough shape, but as that changes, the shift still is to people really want the single family house, if they can afford it.

They tend to move into the townhouse for the first house; then they move up. We have got those numbers, and we would be glad to provide them to you.

Senator **Evans**. Yes. To what degree have you found that the amount or the share of wood as a material in any given house has changed from past experience?

Mr. **Peterson**. It's actually increasing slightly, particularly in single family housing.

Senator **Evans**. That is interesting. That is in both of the instances you have measured or you have just indicated, that seems to go in a different direction than the information I get from people who are in the timber industry, at least out our way, and who operate not just on a regional basis but on a national and even an international level.

Mr. PETERSON. We would be glad to provide you that information.

[The information follows:]

United States Department of Agriculture
Forest Service
Washington Office
12th & Independence SW
P.O. Box 2417
Washington, DC 20013

Reply to: 1930

Date: MAR 12 [illegible]

Honorable Daniel J. Evans
United States Senate
Washington, D.C. 20510

Dear Senator Evans:

During the Senate Energy and Natural Resources Committee's September 19 oversight hearings, you expressed interest in wood use trends in single-family and multifamily house construction.

Bob Phelps, of our Forest Resources Economics Research staff, developed the enclosed compilation which discusses these trends. The report points out that a trend of increasing house size is offsetting one of more efficient wood use, prompting a general increase in wood use per single-family house.

Please let us know if you would like more information on these trends.

Sincerely,

For R. MAX PETERSON
Chief

Enclosure

Question: What have been the trends in wood products use in housing?

The volume of wood products used for housing construction each year depends on many factors. In addition to the total number of units started, the most important of these are:

--The relative proportions of single-family and multifamily units.
--Their average sizes (usually measured as square feet of floor area).
--The kinds and amounts of wood building materials used per square foot of floor area in each building type.

As a result of changes and trends in these various factors, total wood products use in housing in 1985 was sharply above what it was in 1982.

As shown in the following table, the total number of private housing units started in 1985 was nearly two-thirds above the total for 1982. During this period the relative proportions of single-family and multifamily units changed very little, varying between a high of 62.7 percent single-family in 1983 and low of 61.7 percent in 1985. And, as also shown in the table, the average size of single-family units increased each year, while the multifamily average fluctuated rather widely.

New privately-financed housing starts

Year	Total Starts	Single-family		Multifamily	
		Starts	Size	Starts	Size
	Thousand units	Thousand units	Square feet	Thousand units	Square feet
1982	1,062.2	662.6	1,710	399.6	990
1983	1,703.0	1,067.6	1,725	635.5	942
1984	1,749.5	1,084.2	1,780	665.4	914
1985	1,736.4	1,071.9	1,785	664.5	947

Note: Sizes shown are for units completed during the year. Similar data for starts not available. Information for 1985 is preliminary. All data rounded.

Source: U.S. Department of Commerce, Bureau of the Census.

Trends in wood use per square foot differ for the various major wood products. For example, between the early 1950s and 1980s, softwood lumber use per square foot of single-family floor area is estimated to have dropped by at least one third to about 6.6 board feet, largely because of plywood substitution, changing house styles, use of modular components, and other changes in construction practices.

Because many of these trends have probably taken place to the extent possible without radical changes in the ways houses are built, declines in wood use per square foot are estimated to have slowed in the past few years. In addition, increased construction of new houses with wood decks, and use of such innovations as the permanent wood foundation, have likely acted to counter declining use per square foot. Current estimates place softwood lumber use per square foot of floor area for single-family houses at about 6.4 board feet.

Softwood plywood use per square foot of single family floor area is estimated to have increased into the early 1980s. More recently, however, its use as sheathing has seen increasing competition from the various structural waferboard products.

Similar trends in wood use per square foot of floor area have been taking place for multifamily housing units; however, the use factor is smaller than for single-family units.

Using the above estimates of size and use per square foot of floor area, average softwood lumber use for single-family houses in 1982 would be about 11,300 board feet, and about 11,400 board feet in 1985, an increase entirely due to rising average house size. For multifamily units, a decline from 5,690 to 5,400 board feet over the same period reflects the combined effects of smaller size and declining use per square foot of floor area.

When the above estimates are multiplied by the number of units of each type started, total softwood lumber consumption in new private housing units approximates 15.8 billion board feet for 1985, about 61 percent more than the estimated 8.9 billion board feet used in 1982.

Senator **Evans**. I would be happy to have that.

Mr. **Peterson**. It does vary by part of the country, by the way. It is not entirely——

Senator **Evans**. Well, of course, I think that for our purposes we have got to deal with the whole Nation and its needs.

Mr. **Peterson**. Right. We will provide that to you.

Senator Evans: On the research program, you have a whole series of elements in that research program. The total amount is down somewhat.

Is there a new emphasis, or is it a continued emphasis in essentially the same priorities as last year but with somewhat smaller amounts of money in each case? Or do you find a major shift in what you intend to emphasize next year?

Mr. **Peterson**. Well, I think what we did in the research program is almost adopt a zero base. In other words, we looked and relooked at all the priorities. About 20 percent of the research work units are completed each year and then start over again, so we reprioritized. We noticed in looking at the budget, we reduced fairly substantially forest inventory analysis, inventory activity, because that is something you can move up or down.

It is very difficult to take a research unit that is working on a complicated insect problem and say do away with the scientist this year and hire him back next year. So you will see more stability in those kinds of long term, high risk, high priority research than you do in something like inventory which you can change from year to year.

We also continued a very high level of research related to atmospheric deposition, reflecting the national priority on that.

As I mentioned, we did show no new funds for competitive grants because the grants that are to be let in 1986, many of them will carry over into 1987.

Senator Evans. Yes. But essentially, there is really not very much change in emphasis from 1986 to 1987.

Mr. **Peterson**. No, not major changes.

Senator **Evans**. The Forest Service assumes, or your request assumes passage of several pieces of legislation, one to share timber receipts, changing from gross to net receipts. You also assume adoption of legislation to effectuate the so-called Forest Service-BLM Land Interchange.

With that collection of legislation, in other words, if that does not pass, and legislation; is harder to pass than to defeat, if it does not pass, what effect will that have on your budget, and if it is an adverse effect, where are the priorities, your shifted priorities then? What do you drop?

Mr. **Peterson**. Well, the gross versus net receipts question would be one that the Congress would determine. If they do not make that change, where would they get that that many dollars. It is not something that is internal to our own budget.

Senator **Evans**. Well, we may make it internal to your own budget.

Mr. **Peterson**. Unless you make it internal.

So I can't tell you where the impact will be.

Senator **Evans**. Well, if it were made internal to your own budget, where are your priorities and what gets cut first?

Mr. **Peterson**. Well, I would think that you simply couldn't find a place to take a couple hundred million dollars because you would really be—the stewardship responsibility for the National Forest is very difficult to reduce, the fire protection, the basic surveillance for insect, disease and so on. So at that kind of reduction, you virtually stop any new starts of any kind because you can't stop commitments already made.

Senator **Evans**. Well, if that is the case, if it is a $200 million hit, that presumes that by changing it and passing the legislation, there is a $200 million hit someplace else on States and local communities.

Mr. **Peterson**. That is correct.

Senator **Evans**. Have you tried to anticipate that or analyze? I presume that that would not fall equally, that it would have individualized effects on States and on counties, depending on location.

Have you tried to analyze that and the effect it would have?

Mr. **Peterson**. We have made a preliminary analysis of that. It's rather difficult because the payment in lieu of taxes legislation which passed Congress several years ago, there would be a backfilling of payment in lieu of taxes in many locations. So you can't really just look at this fund. You have to also look at the payment in lieu of taxes share.

We have done a preliminary analysis. That should be available in a few weeks, for the legislation.

Senator **Evans**. All right.

And that presumably will be shared then with us at that time?

Mr. **Peterson**. Yes.

The **Chairman**. When?

Mr. **Peterson**. In a few weeks.

The **Chairman**. In a few weeks. I thought you said 2 weeks.

Mr. **Peterson**. It might be a few weeks. I hope sooner.

As you know, Mr. Chairman, that is a complicated thing to calculate.

Senator **Evans**. Let me turn to receipts from timber sales. Your budget request anticipates a $26.7 million increase in timber receipts from BLM lands over the amount to be received this year.

The budget request states that the increased receipt estimates for fiscal year 1986 and 1987 largely reflect the anticipated harvest of high bid timber sales purchased before January 1982, with expiration dates extended by the Executive order through 1989, and these are sales that were not bought out under the provision of the Federal Timber Contract Payment Modification Act.

The U.S. Forest Service sold a much greater number of high bid timber sales prior to January 1, 1982 than the BLM, and yet in your budget request you show a decrease in receipts in fiscal year 1987 from the previous fiscal year. Now, that is an apparent discrepancy.

How would you account for it?

Mr. **Peterson**. As you probably remember, we have the multisale extension program which is unique to the Forest Service, and it places many of those high bid sales out several years ahead, so the expectation is that they will actually cut the BLM sales slightly earlier. That is the way that most of those operators appear to have scheduled their sales, and that is just reflecting the planning that we see.

Senator EVANS. Is that mostly anticipation on your part, or is that based on some fairly clear indications already from the operators that that is what they intend to do?

Mr. PETERSON. Based on the best information we have of operators' plans, which are subject to change—if the market picks up, they may do it a little quicker; if they don't pick up as well, they may do it a little bit later, but that is our best estimate.

Senator EVANS. OK.

Thank you, Mr. Chairman.

I will have some written questions and perhaps another round.

The CHAIRMAN. Thank you very much.

Senator Bingaman.

Senator BINGAMAN. Thank you, Mr. Chairman.

Let me ask first about the proposed interchange of the 25 million acres between the BLM and Forest Service. I gather from your testimony that that was presented, that legislation was presented to us yesterday.

Mr. MYERS. That's correct.

Senator BINGAMAN. I would just be interested in knowing on that, you budgeted $5 million for that. You would like us to go ahead and authorize $5 million to implement that.

What is the status? Do you expect that that money will be needed?

Mr. MYERS. Oh, definitely. If the legislation passes, it will be needed.

Senator BINGAMAN. What are the prospects, as you see it at this point?

Mr. MYERS. Well, here again, we have to defer to the Congress because we brought the legislation here, and we would hope that it would be enacted, but they have many things to do. We think it is very important, but they have to put that in their priorities.

Senator BINGAMAN. OK.

Now, that has been introduced here?

Mr. MYERS. Yes.

Senator BINGAMAN. On the House side as well?

Mr. MYERS. It has been submitted but not introduced.

The CHAIRMAN. It has been transmitted and is in the Vice President's Office?

Senator BINGAMAN. And copies will be supplied to us here in the near future?

The CHAIRMAN. Yes.

Senator BINGAMAN. Let me ask about something you said in your statement. You indicated that land and water conservation funds are being used to finance some recreational activities unless and until you can get the user fees increased.

Is that accurate?

Mr. PETERSON. Yes. As you notice in our budget, there is a proposal of $52 million from user fees. We have been depositing user fees in the Land and Water Conservation Fund. The proposal is to use $52 million of those that have already been deposited until we can get the new legislation in place and collect money that will be available in subsequent years. It is a one-time kind of startup cost.

Senator **Bingaman**. Is there a precedent for that? Have you taken those funds out of there again and using them in this fashion?

Mr. **Peterson**. Yes. We used to have a fund called the Construction and Operation of Recreational Facilities, which was based on receipts. About 5 or 6 years ago, a change was made in the appropriation act, by the way, to just have those go directly to the LMCF and not appropriated otherwise.

Senator **Bingaman**. But you do have the authority to go in and get those funds out?

Mr. **Peterson**. Not presently. Not after that appropriation language. We need new language from the Congress to allow us to do that.

Senator **Bingaman**. OK.

Let me ask about last October there in Albuquerque. We had a hearing under this committee's jurisdiction that focused a little bit on theft and vandalism on public lands. I gather from the testimony that a good deal of that was credited to successful cooperative law enforcement between the Forest Service and the BLM and the various agencies that were involved there.

My understanding is that your proposed budget cuts funding for such cooperative law enforcement from about $7 million to $2.4 million.

Mr. **Myers**. That is correct.

Senator **Bingaman**. And that 80 percent of the $2.4 million is for detecting marijuana growing in the national forest. Is that accurate?

Mr. **Peterson**. That's correct.

Mr. **Myers**. Yes.

Senator **Bingaman**. So there would be $400,000 left for nonmarijuana detection law enforcement cooperative efforts?

Mr. **Peterson**. That's correct, about $450,000, I think.

Senator **Bingaman**. That seems pretty skimpy for a national effort, $450,000. That would not quite fund my legislative assistants for a year, and I have only got a few. So I would just be interested in knowing if you seriously think that we can have any kind of effort, cooperative law enforcement efforts, with $450,000 in funding for the full year.

Mr. **Peterson**. That would have to be targeted to a very few areas. The co-op law is a rather recent vintage. As you probably recall, when the national forests were established, the basic police power, the basic responsibility for law enforcement, was left to the States. This budget proposes that the States resume more of that than they have recently done, and that is what is reflected in the budget.

Senator **Bingaman**. I would also ask if the problem of people growing marijuana in the national forest is so great, that it justifies devoting 80 percent of our law enforcement funding, cooperative law enforcement funding, to solve that problem. I mean, are there other law enforcement issues that also deserve some priority?

Mr. **Myers**. I guess we feel that it's a very high priority because it has become much more prevalent on public land. In most cases, if it is done on private land, the land can be confiscated. So we are finding that more and more people are shifting to the public lands. We think it is a very serious problem.

Of course, we use this money in some cases—and you can correct me, Max—to help pay for local law enforcement, to provide that law enforcement. We do this with cooperative funding. We think this marijuana eradication is a very high priority.

Senator BINGAMAN. It is a substantially higher priority than any kind of theft or vandalism or any type problem like that, I guess?

Mr. PETERSON. Well, I think maybe a different way to look at it is this. The enforcement of Federal narcotics laws is considered a Federal responsibility. Federal responsibility is concerned about drug traffic because much of it is national, but this is more of a reflection of what is perceived as Federal responsibility rather than State responsibility, rather than just a priority question. We think theft and vandalism of campgrounds is important, too, and we hope that the States will help us with that problem.

Senator BINGAMAN. Let me ask this.

Last year Red River Valley in my State had a problem with the infestation by the budworm. We received about $300,000 for budworm suppression.

I wonder what the status of that kind of funding is in this budget.

Mr. PETERSON. We're going to have to make some very difficult decisions in 1986 and 1987. There is a proposal from the region, I think, for $250,000 for 1986 funding. We simultaneously have a major problem with the southern pine beetle which wipes out whole stands of timber in 1 year. It's not like the budworm which may do some damage for several years and then may collapse. So we likely will be giving priority to things like southern pine beetle and mountain pine beetle rather than budworms. They are probably a lower priority.

Senator BINGAMAN. From what you said, the funding for this year for budworm suppression is still a pending item? I have been led to believe that that funding had been denied.

Mr. PETERSON. I don't think we've acted on it yet., I think we've told the region that it's likely that it will not be financed because of what appears to be shaping up as major southern pine beetle and mountain pine beetle problems, but we have not made a final decision.

The CHAIRMAN. Would the Senator yield for just a moment?

I notice we have a vote on the floor of the Senate. It would be my hope that we could continue the questioning. I am going to run right now over to the floor to vote, and I will try to get back as quickly as possible, and if others could do the same thing, I think in the order of appearance, Senator Bingaman, if you could complete your questioning, the next to be recognized would be Senator Rockefeller and then Senator Melcher. If we could do it in that rotation, then I will get back in time to pick up.

Senator BINGAMAN. OK. Let me just ask one more question and then I will turn it back.

Could you identify for me what the proposed budget does with regard to funding for insect infestation in general? I mean, is this an area of your budget that is getting a major reduction because of other priorities?

Mr. PETERSON. There are two pieces of that. The budget does include funding for Federal pest management. That is for insect and disease suppression on Federal lands. The total amount of money in the budget is $18.7 million for total forest pest management, insect and disease. It does propose to terminate financial assistance to private land unless it is clearly intermingled in an area where you have to do the whole thing together.

Senator BINGAMAN. But could you give me a rough figure of what is set aside for this purpose this year in this proposed budget as compared to the 1986 budget?

Mr. PETERSON. Yes. The 1986 budget for forest pest management was $29.4 million. That is the 1986 appropriation. The 1987 budget is $18.7 million.

Senator BINGAMAN. So it is one of those items that has taken a major cut.

Mr. PETERSON. Yes, sir.

Senator BINGAMAN. I gather that is because you felt it was less important than things such as road maintenance and other activities?

Mr. PETERSON. No. I think you will find that road maintenance is also down about $11 million.

Senator BINGAMAN. It is not down a third like this is.

Mr. PETERSON. No. This is really a Federal versus State role question, whether the Federal Government should be responsible for insect, disease suppression on private lands. That's the major change here. It is proposing to phase out financial assistance for private land.

Senator BINGAMAN. So you have not decreased your funding for this problem on Federal lands.

Mr. PETERSON. It has decreased a little bit, but not very much.

Senator BINGAMAN. I see. The main thing is you have gotten out of the business of helping States and private landowners.

Mr. PETERSON. That is correct.

Mr. MYERS. Yes, that is correct.

Senator BINGAMAN. That is all I have, Mr. Chairman.

Senator EVANS [presiding]. All right, then, we will try to do this in shifts until Senator McClure and the others come back.

I have just one question of your table. On page 13 of your testimony you have the regional distribution of the timber sales program, and region by region, you have the actuals and the appropriation and the President's budget, and then in parentheses, under several of the regions, you have the amount of reoffer.

Does that mean that the amount in parentheses, that that is the share of the total, or is that additional or subtractive? How do the two relate?

Pick the President's budget for the Pacific Northwest. You had $41,900 and then below it $2,000. Does that mean that $2,000 of the $41,900 is reoffer?

Mr. PETERSON. Yes, sir, that is exactly what it means.

Senator EVANS. OK. If that is the case, it seems to me that you have an undue share, or at least what appears to be an undue share of the reduction coming out of one region, about 75 or 80 percent of the total reduction between 1986 and 1987 President's budget.

For what reason is that?

Mr. PETERSON. You may recall there was a special 600 million foot, about, add-on for that part of the United States last year to try to restore a heavy sale program in 1986 and make up for the turn back sales. So that was a kind of 1-year shift to that region.

If you take a look at 1985, for example, and you look at those numbers by region, you will find that the 1987 President's budget is fairly consistent with those numbers. In other words, the reduction is about pro rata. There was that one-time shift in 1986.

Senator EVANS. Do you have any figures on the success or the results of that $600 million additional sale? They probably are not completed yet.

Mr. PETERSON. It is too early yet.

Senator EVANS. Too early to tell.

Are there any indications as to whether it is being snapped up, viewed with some modest enthusiasm, or left alone?

Mr. PETERSON. I think they are selling, but it's a little too early to tell. As you know, we were running last year a record harvest in the Pacific Northwest but prices have not recovered. Part of that is the competitive situation, but prices have not recovered as much as we would expect.

Senator EVANS. What is your overall policy, just to repeat again, in a situation like that where you say you run at record value, and the prices have not recovered. Is it better to throttle your volume down and hope that you get better bids and higher prices? What do you do in circumstances like that when prices fall apart? Do you just continue to go ahead and offer the sales?

Mr. PETERSON. Well, that has been a thorny question over time because primarily the purchasers say let us worry about the swing. If you start anticipating the swings and you swing, too, we are going to be in trouble.

What we did last year in a policy letter was we said if you pay attention to whether or not the sales are selling in terms of where you put your effort, if you have a forest and everything is selling, and the harvest rates are up, put more of your effort there than in a forest where you have been unable to sell sales and harvest rates are down. So we are doing a little bit of that. But we don't dare do very much of it because of the relatively monopolistic position we hold. We could suddenly cause the prices to dramatically rise and be back into the problem we just got out of. We are trying to be very careful with that.

Senator EVANS. Yes.

On a more local note, the Forest Service in Olympic National Park has concluded, as I understand it, a boundary settlement which would address the boundaries of the Olympic National Park along geographic ridgelines and natural formations rather than the section lines which are prevalent in some areas.

I understand that the management at least of both the Park Service and the Forest Service appears to be in agreement, and I think at least has the support of a goodly number of environmental groups, at least in the local area, as well as timber groups.

Are you prepared at this time to support legislation to authorize that boundary adjustment?

Mr. PETERSON. I am told that after we reached agreement, we are now drafting a legislative proposal which should be up here before too long now.

Senator EVANS. And once it comes up, it would have your support and approval?

Mr. PETERSON. We are in agreement with the Park Service on it, yes, sir.

Senator EVANS. With that, I think I had better get over and vote and hope that Senator McClure will return shortly.

[A brief recess was taken.]

The CHAIRMAN [presiding]. The committee will come to order.

There has already been one question from the Senator from New Mexico with respect to the land interchange.

Mr. Peterson, I will open my round of questioning not with a question but with a statement. I am probably the strongest supporter in the Congress of the concept of a Forest Service-BLM interchange in the present Congress. It makes sense for the State of Idaho. I have advocated it for a long time in Idaho, and I believe it makes sense for the Nation.

I was an advocate of the concept for Idaho long before the administration adopted it as a nationwide initiative, and because of that, I was glad to see your initiative from downtown.

As you know, I worked with you, Mr. Peterson, and with Director Burford to attempt to quell anticipated objections to such a massive policy objective. In large part, these consultations have borne fruit. Just how fully we are still trying to assess, and I think Senator Bingaman in asking the question how great is the expectation that we will adopt that needs to be against the background of the discussions we have had with you and with Director Burford as to the expectation of whether or not we will meet the objections of various Senators who are involved in the Western States.

I think you are doing a good job of minimizing the objections and explaining the propositions. Unfortunately, for reasons I do not yet understand, the administration decided to transmit to the Congress a legislative proposal to effectuate the change before consultation with us was completed. I have not yet read the proposal which has been transmitted, but I am advised that certain provisions may be unnecessarily controversial.

Until I am satisfied that the introduction of your proposal will not create more problems than it solves, I do not intend to introduce that legislation, although perhaps someone else will. But if I can satisfy myself indeed that those are no more controversial than is necessary to the subject matter, maybe at a later time when I have been so satisfied I would be in a position to introduce it.

For whatever reasons, you have now placed this ball in my court with a spin I did not expect, and I continue to hope that we can accomplish the major objectives of your interchange proposal. You have made the job a little more difficult, in my judgment, but I do intend to return the serve. If we expect to win this match together, we must be on the same side of the net and not playing adversarially.

And I would hope that in the future we will have a little better coordination on the development and the transmission of the legislation; hopefully in that way we can minimize the difficulties of getting it adopted.

Mr. PETERSON. Mr. Chairman, if you would permit me to say, we have greatly appreciated and admired not only your leadership on this but your advice to us from time to time of how to deal with it and how not to deal with it. We have spent a great deal of time discussing this with all the Members of Congress. It was certainly not our intent to make your job any more difficult, and I am greatly concerned that that might have occurred.

I can guarantee that we intend to be on the same side of the net with you and will work with you as closely as we can. That is certainly my intent.

The CHAIRMAN. I did not play paddleball over in the House with some of the House Members when I was over there, but I did observe that most of the injuries occurred on the court were by their friends.

Mr. PETERSON. I am afraid that happens sometimes.

The CHAIRMAN. Occasionally there were some black eyes and lacerated scalps, all done in the most friendly fashion.

Mr. PETERSON. I was in the great State of South Dakota last week while you were in the great State of Idaho, and apparently signals weren't very well coordinated all the time.

The CHAIRMAN. Well, the blizzard hit here while it was snowing in Idaho.

Mr. PETERSON. But I can assure you that Assistant Secretary Myers and I have discussed this as recently as this morning and it certainly our intent is to work fully with you and do our best.

The CHAIRMAN. Let me relinquish my time at this time and I will return later.

Senator Rockefeller.

Senator ROCKEFELLER. Thank you, Mr. Chairman.

Mr. Peterson, let me just touch on two areas. One, I will not pursue now, but I want to question you by letter about the Monongahela National Forest plan and the allocation of areas for timbering in that forest.

The phenomenon in West Virginia is interesting because we have an extraordinary capacity in the way of timber and particularly hardwoods. In fact, it is said that the variety of our hardwoods and their quality is the best outside of the mainland China. We have never, however, really done what we should do with those hardwoods, not only with respect to lumbering, but also with the manufacturing that follows from that. Part of that has been our fault. Our approach at the State level has not been adequately aggressive, and part of it is topographical. We are not flat. It is harder to get around the State.

Nevertheless, I think about 77 percent of the State is forested, and it is forested with some fine species of trees. Also, recreation is a high priority, so that we must carefully balance the timbering interests and the recreation needs. Some of our timber industry representatives are upset by the forest plan proposal. There are some questions that I would like to ask you, but I will submit written questions to you.

The other matter I would like to raise has to do with your lab at Parsons, WV. Parsons recently received more attention than it has ever received in its long history, due to the devastating floods last November. Twenty-nine counties in West Virginia were wracked by this November flood, the worst in the history of our State. Parsons was particularly hard hit. Parsons does not have very many people, and it has fewer industries, but it has a long tradition in timbering. The Forest Service has had an excellent tradition there due to the lab which you built in 1984. The Parsons timber and watershed laboratory sustained some damage in the flood—equipment, carpets, computers—but not, basically, to the structure itself.

Now, that lab, as you know very well, works on the whole question of hardwoods in Appalachia. In fact, I think it is your only lab which performs research in timber management for central Appalachian hardwood for the 13 State area. It also works on acid rain and its effect on forest watersheds. That is an important area for other reasons.

I notice from the budget that this lab is being closed, and that the workers therein are being proposed for transfer, perhaps to Morgantown.

The CHAIRMAN. Senator Rockefeller, I wonder if you would perhaps yield on that subject, because I don't know if the Chief knows this as yet. Several of us around here wear more than one hat. Senator Byrd brought this to the attention of our subcommittee in the Appropriations Committee, and we have written a letter which I think takes care of the problem. I do not know whether Chief Peterson has yet seen that letter or not.

Senator ROCKEFELLER. Oh, he has, and he has one from me. I would be glad to yield, but——

Mr. PETERSON. We do have a letter back to Senator Byrd in response.

The CHAIRMAN. Without objection a copy of the letter to the Chief will be included in the record and I do apologize for interrupting.

[The letter follows:]

MARK O. HATFIELD, OREGON, CHAIRMAN

TED STEVENS, ALASKA
LOWELL P. WEICKER, JR., CONNECTICUT
JAMES A. McCLURE, IDAHO
PAUL LAXALT, NEVADA
JAKE GARN, UTAH
THAD COCHRAN, MISSISSIPPI
MARK ANDREWS, NORTH DAKOTA
JAMES ABDNOR, SOUTH DAKOTA
ROBERT W. KASTEN, JR., WISCONSIN
ALFONSE M. D'AMATO, NEW YORK
MACK MATTINGLY, GEORGIA
WARREN RUDMAN, NEW HAMPSHIRE
ARLEN SPECTER, PENNSYLVANIA
PETE V. DOMENICI, NEW MEXICO

JOHN C. STENNIS, MISSISSIPPI
ROBERT C. BYRD, WEST VIRGINIA
WILLIAM PROXMIRE, WISCONSIN
DANIEL K. INOUYE, HAWAII
ERNEST F. HOLLINGS, SOUTH CAROLINA
LAWTON CHILES, FLORIDA
J. BENNETT JOHNSTON, LOUISIANA
QUENTIN N. BURDICK, NORTH DAKOTA
PATRICK J. LEAHY, VERMONT
JIM SASSER, TENNESSEE
DENNIS DeCONCINI, ARIZONA
DALE BUMPERS, ARKANSAS
FRANK R. LAUTENBERG, NEW JERSEY
TOM HARKIN, IOWA

J. KEITH KENNEDY, STAFF DIRECTOR
FRANCIS J. SULLIVAN, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON APPROPRIATIONS
WASHINGTON, DC 20510

February 18, 1986

Honorable R. Max Peterson
Chief, U.S. Forest Service
Department of Agriculture
Washington, D.C. 20250

Dear Mr. Peterson:

We have recently learned that the Forest Service intends to close the Parsons Forest Service Research Laboratory which was damaged by floods this past November. This proposed action was a complete surprise to us since officials from the Service had previously indicated their intention to rebuild the lab. The Interior and Related Agencies Appropriations Subcommittee included bill language in the conference report on the FY 1986 Continuing Resolution, Public Law 99-190, which authorized the Secretary to use other funds available to the Forest Service for emergency reconstruction work at Parsons as well as in the Monongahela National Forest. The Secretary was also directed to submit a supplemental request to replenish the sources of any reprogrammed funds.

In view of the importance of the Parsons lab and the language in your appropriation legislation, we expect the Forest Service to use up to $500,000 for the emergency repair of the facility and to take no action that would preempt Congressional direction to continue the operation of this laboratory. Such a directive is likely, in our view, when the Congress considers the fiscal year 1987 appropriation for the Forest Service. We also wish to assure you that the Subcommittee will give every possible consideration to supplemental funding associated with the rebuilding effort.

Please keep us informed periodically of your efforts to repair the Parsons Forest Service Research Laboratory. Thank you in advance for your attention to this matter.

Sincerely,

James A. McClure
Robert C. Byrd

James A. McClure
Chairman
Department of the Interior
and Related Agencies
Appropriations Subcommittee

Robert C. Byrd
Ranking Minority Member
Department of the Interior
and Related Agencies
Appropriations Subcommittee

Senator **Rockefeller**. The budget proposal, Mr. Chairman, indicates that the Research Work Unit at Parsons and the Research Laboratory will be closed, and it is from that document that I am required to work.

The **Chairman**. Yes.

Mr. **Peterson**. Well, let me simply say that as you look at our research program in terms of some decrease in the research program, what we have to do is look at the number of laboratories that we are trying to keep going, because there is a very high fixed cost associated with maintaining laboratories. So in the case of Parsons, as you pointed out, there was substantial damage to the laboratory equipment and facilities, to the greenhouse and to the auxiliary buildings. We have spent already about $105,000 on temporary repairs.

If we were to keep Parsons open, it would require another $180,000 or $190,000. We have space and capacity in Morgantown, WV, and we would propose to remove the remaining research there.

I know, with the damage that was done in that town, you say, well, they really need to keep that laboratory. On the other hand, if you are looking at how you contain the Federal research program at some kind of a reasonable level, you have to look at opportunities to prevent making new capital investments, new high investments.

So that is the rationale for moving the research to Morgantown and other places where we have facilities.

Senator **Rockefeller**. But is it not true, though, Mr. Peterson, that following those floods, there were assurances given, at least informally, that that facility would be maintained?

Mr. **Peterson**. Well, I think certainly our local people there—we have both a ranger station there as well as the research unit. As far as our local people are concerned, and given the 1986 budget, we intended to remain there. If you are looking at the future, out several years, it does not look like a prudent investment if we have facilities elsewhere, and that is our problem at this kind of budget level.

Senator **Rockefeller**. Understanding that, I would like to make the point that floods have their own particular dynamic. You can take out three or four industries, small industries in Parsons, and then watch the community disappear.

Mr. **Peterson**. That is correct.

Senator **Rockefeller**. That in fact is what's happening. As the Federal Government spends hundreds of millions of dollars through FEMA on flood relief, it occurs to me that leaving the lab at Parsons is the proper thing to do. I would urge you to maintain the Parsons Laboratory in spite of the budget that we have been presented.

Mr. **Peterson**. I certainly can understand. I have been to Parsons. I know the area. I was there at the time you opened that facility. Our real dilemma is that in the last five years, as we have reduced full time equivalents by a full 20 percent, as we have reduced the overall size of the budget, fixed costs have continued to go up. So if we aren't careful, we will have a whole bunch of facilities with nobody to do research. And that is our real dilemma as to how to keep a balance between facilities and people doing research.

I don't know of any easy solutions.

Senator ROCKEFELLER. That is the dilemma you face. The dilemma I face, along with Senator Byrd, is the question of the viability of Parsons as a community I am hopeful that something can be worked out.

I appreciate your attention to this, Mr. Peterson.

That is all the questions that I have.

The CHAIRMAN. Thank you.

Senator Melcher.

Senator MELCHER. Chief, you have got a trust funds item in here with a $42 million increase.

Why?

Mr. PETERSON. Excuse me, Senator. I am not sure I am following you.

Senator MELCHER. Well, trust funds on this first page we are working on, which you may not have a copy of, it is a staff memorandum, it shows an item, trust funds, $197 million, 1986 appropriation, $155 million.

Mr. PETERSON. Oh. What this really reflects, Senator, as you recall, purchasers deposit money in what is called the Knutsen-Vandenberg Law to do reforestation. With the increase in harvest rates, we have a higher need to do reforestation and brush disposal.

Senator MELCHER. So that is part of a cycle?

Mr. PETERSON. Yes. It reflects higher harvest rates.

Senator MELCHER. On land acquisition, you have $3 million; and then special acts, $966,000; and then to complete, $895,000. That is a decrease in land acquisition by $25 million.

Mr. PETERSON. Basically, the proposal is to complete the cases that are now active and to finance the cost of closing those cases, to not take on any new land and water conservation based on land acquisition. There is some carryover money from prior years that will be completed. The special acts are very small amounts that are based on specific acts of Congress in specific areas.

Senator MELCHER. Earlier you spoke with Chairman McClure about the matter of land acquisition in Montana and Idaho. There has not been a public hearing on that, and I am very much interested that we have something on the public record that will define what that particular land acquisition is.

The CHAIRMAN. Senator Melcher, I assume you are referring to the purchase of the Milwaukee Railroad properties as they devolved to Edwards Lumber Co., and it was authorized and purchased in the appropriations matter, is that correct?

Senator MELCHER. That is it exactly.

Mr. PETERSON. What would you like to know, Senator? I will be glad to help you.

Senator MELCHER. The Forest Service tells me in the regional office that the appraised price was $321,000.

Mr. PETERSON. Well, let me simply say that this is the most complicated case that I have ever seen in that the Edwards Investment Co. bought this former Milwaukee Railroad from the bankruptcy court, who gave them title to everything that the company owned then. So the next question is what did the company own that they got title to? Depending on how you go about this, for example, there are major bridges, some of them several hundred feet long. Those bridges would cost a lot of money to replace. If you appraise them for salvage value, as if you are going to remove them, then they may not be worth anything. It is that disagreement over how you appraise those that has kept us for between 2 and 3 years from reaching a conclusion with the company.

The company claimed initially that the right-of-way was worth maybe $14 million. It depends on such things as the gravel on the railroads right-of-way, is that owned by the company or is it abandoned when the railroad was abandoned? It is clear that much of the right-of-way was abandoned, but maybe not the gravel. The gravel probably only belonged to the company.

If you appraise it in terms of how much it would cost the Forest Service to bring that gravel in, it is worth a lot of money. If you appraise it on the price of taking it up and putting it somewhere else, it is worth another number. So you can come up with values that range all the way from $300,000 to $14 million. The only way you can resolve that is either through negotiations or through court action.

Senator **MELCHER**. Who made the offer?

Mr. **PETERSON**. Which offer?

Senator **MELCHER**. To sell? Who made the offer to sell?

Mr. **PETERSON**. There was an offer of about——

Senator **MELCHER**. Was there an offer to purchase?

Mr. **PETERSON**. Yes, there was a formal offer from Justice to purchase which was, I think, a beginning number which was around $700,000.

The **CHAIRMAN**. May I just back up for a moment to get one other thing on the record here? The Forest Service wants the road.

Mr. **PETERSON**. There is no question that the road accesses a very large part of the National Forest, and it would make no sense at all to duplicate that with a road system.

The **CHAIRMAN**. And it is the only road that goes through the mountains.

Mr. **PETERSON**. That's correct.

The **CHAIRMAN**. From Idaho through the Continental Divide into Montana.

Mr. **PETERSON**. That's right. It includes a major tunnel through the Continental Divide.

The **CHAIRMAN**. So north or south of this for some distance, this is the only transportation corridor.

Mr. **PETERSON**. That's correct.

Mr. **MYERS**. If I could interject, Senator, also that right-of-way gives us a more environmentally sound access than if we had to construct a road alongside of it, for instance. Environmentally, it is much better.

Mr. **PETERSON**. Contrary to some of the publicity, there has never been any real question of whether or not we wanted the right-of-way. I think what has confused the issue is that because the railroad right-of-way is on a very gentle grade, at one place it goes out, makes a big turn and comes back, and we would cut across there for the main road and then use the railroad as a spur road. But we would essentially use the railroad right-of-way.

The CHAIRMAN. And if I might, just one further comment, and I appreciate the Senator's yielding, the question that he asked about who made the offer first, there have been ongoing negotiations over a long period of time with respect to the right-of-way and to the property and the property values, is that not correct?

Mr. PETERSON. That's correct. For 2 to 3 years. There was a long study made first by Edwards Investment, getting a lawfirm involved to research the question of who owned this thing and how much of it. There is no question that the company owns in fee title parts of it. The question is how do you appraise parts of a road?

Senator MELCHER. Well, let's get this on the record, too. There is no question that what is not owned or not owned in fee title by Milwaukee through National Forestland was only on the basis of a right-of-way permit.

Mr. PETERSON. A right-of-way issued prior to the National Forest being established, yes, in both cases.

Senator MELCHER. You say the right-of-way was established before the National Forest?

Mr. PETERSON. I think that's correct. It is a very old right-of-way, I know.

Senator MELCHER. Well, the Milwaukee went through Forsythe before it went through this area about 1912 to 1914, maybe 1906.

Mr. PETERSON. I know that the railroad was initially built right before the 1910 fire because a lot of the old trestles burned.

Senator MELCHER. Now, I want to resolve this. My understanding of the law is that the right-of-way was issued to the Milwaukee for purposes of a transportation corridor for purpose of operating a railroad. Now, when the railroad ceased, the right-of-way on Federal land returned to the United States, is that correct?

Mr. PETERSON. The position of Justice is that yes, the right-of-way, per se, where it was across the National Forest, did revert to the United States.

The CHAIRMAN. There is a question, however, raised by some with respect to the effect of the statute under which the bankruptcy court disposed of the holdings of Milwaukee and whether or not that affected the reverter clause in the original grant.

Senator MELCHER. I know that would be an interesting point to litigate, but I am just trying to recite the law as I understand it, and that is my understanding of the law, and I would like the General Counsel's office's comments on this rather than the Justice Department because in many instances the General Counsel is familiar with what happens and is in a better position to give a legal opinion than the Justice Department on land, than Justice Department's Land and Natural Resources Division.

Mr. PETERSON. I don't think there is a difference of opinion between our counsel and Justice. I think the real issue here, as I tried to say before, is it is not the right-of-way per se; it is gravel and bridges. Bridges occur on personal property which belonged to the railroad, but the question is do they own it for the purpose of removing them or should the Government pay some appraised price twice.

The CHAIRMAN. Might I rephrase that for just a moment, because I do not think anybody questions their right to remove. The question is how do you appraise the value.

Mr. **Peterson**. Right. The question is for appraisal purposes.

The **Chairman**. The Department of Justice has suggested that the only value in those bridged and trestles is the scrap value delivered in Spokane.

Mr. **Peterson**. Right.

The **Chairman**. There are others who contend that it has a great deal more value than that in place as a bridge.

Senator **Melcher**. The point I originally tried to get at was what instigated the appraisal by the Forest Service?

Mr. **Peterson**. Because we want to use part of that railroad.

Senator **Melcher**. And the offer to sell or the offer to purchase, you are stating for the record, was mutual between the Forest Service and Edwards?

Mr. **Peterson**. No. It was an offer by the Justice Department to Edwards.

Senator **Melcher**. Well, I know this does not get to the Justice Department first.

Mr. **Peterson**. We did a technical analysis based on the appraisal premises which Justice and our Counsel said we should use. As you know, those are very conservative appraisal premises, like salvage value.

Senator **Melcher**. All right. You got it to Justice.

Did you recommend to the Justice Department that they negotiate this?

Mr. **Peterson**. We recommended that they negotiate or file a court action.

Senator **Melcher**. File a court action on what basis?

Mr. **Peterson**. On the basis of condemnation.

The **Chairman**. They have got it and we want it.

Mr. **Peterson**. Eminent domain.

Senator **Melcher**. And you would do it on the basis of condemnation which is limited under the statute?

Mr. **Peterson**. Well, we have the authority to acquire rights-of-way for roads.

Senator **Melcher**. All right, rights-of-way for roads.

Now, is it in your forest plan?

Mr. **Peterson**. I am not sure all of those forest plans are completed there, but I would say so.

Senator **Melcher**. I mean, is the road in your forest plan?

Mr. **Peterson**. I would certainly think so, yes. I don't know for a fact. I haven't looked at the forest plans.

Senator **Melcher**. Could we find that out?

Mr. **Peterson**. Yes, I will.

Senator **Melcher**. Could we also have a map, let's see, what is this? Are we out of the Lolo?

Mr. **Peterson**. No, we're on the Lolo. We are on the old St. Jo Forest.

Senator **Melcher**. There are only the Lolos in Montana.

Mr. **Peterson**. That's right.

Senator **Melcher**. While I have a great admiration for the State of Idaho, I do not usually concern myself with their forest plans and the proposed roads on the National Forest Service, but I would like to have what is in the Lolo plan concerning this.

Mr. PETERSON. OK. The part that is in Montana in the Lolo Forest is along the river, and the purpose of acquiring that is really because of that river and not wanting to subdivide that real small piece of land. So we are not proposing to acquire that as a road in Montana.

Senator MELCHER. Oh, you are not?

The CHAIRMAN. If the Senator would yield, as I recall the discussions, the Milwaukee Railroad as it crosses, as it exists from the Idaho line into Montana goes through undeveloped country for part of the way, and then it approaches and nearly merges with the interstate.

Mr. PETERSON. That's right.

The CHAIRMAN. And it was your proposal that you, at the point where they converge, build a spur to connect this old Milwaukee right-of-way by roads to the interstate, and it be the remaining portion from that point toward St. Regis, which lies along the river, which you desire to acquire but not for road purposes?

Mr. PETERSON. That's correct. It's for river protection on there.

Senator MELCHER. Now, is it not true that it cannot be used for a road, if the Forest Service decides that it cannot be used for a road at some point, where the existing roadbed crosses national Forest land?

Mr. PETERSON. I am not quite sure I am following you.

Senator MELCHER. All right.

We have so much private land, and whoever owns that, acquires that deeded land, Mr. Edwards or whoever, as I understand it, it is Edwards' private property, Edwards Co. that now owns the deeded land that is involved.

The CHAIRMAN. And there are various tracts of deeded land.

Senator MELCHER. But the point is it will not be used, those portions that are on the national forest lands will not be used for roads if the national forest determines that that is not in the public interest.

Mr. PETERSON. Well, you remember your own amendment to the last legislation which guaranteed reasonable access.

Senator MELCHER. That is right.

Mr. PETERSON. So there would be a right to reasonable access to that private land.

Senator MELCHER. Does that mean it can be used for a public road?

Mr. PETERSON. Not necessarily.

Senator MELCHER. I know not necessarily. I just wanted that on the record because if the Forest Service determines that it will not be used for a public road, it will not be used for a public road in those portions across national forest land.

Mr. PETERSON. It is our intention under this acquisition to use that road. The primary link in that road would be used for public use.

Senator MELCHER. Where, in Idaho?

Mr. PETERSON. Idaho, Montana, over until we reach the interstate.

Senator MELCHER. All right. I would like to see that road, please, because that would help me greatly.

Mr. PETERSON. We will be happy to show you that.

Senator **Melcher**. Now, as to the gravel, while I have not viewed this portion of the Milwaukee right-of-way, I have certainly viewed some of it closer to Missoula, and there is not any gravel there.

Is this a heavy ballast there that somehow has been going broke for 20 years? The Milwaukee Railroad was able to put a tremendous amount of ballast on in an odd way, on an extraneous part of the roadbed?

The **Chairman**. Would the Senator yield for a moment so I could return to the earlier point about whether it is or is not a public road?

I was consulting with staff to make sure I did not misspeak myself. I believe that the original version of the language that was proposed would require it all be used and maintained as a public road. When we discovered that the Forest Service did not wish to use that portion from the interchange, from the interstate interchange to St. Regis, we removed that provision from statutory language and included a provision in the report of the Appropriations Committee that that portion from Avery to Haugan be maintained as a public, it is our intention that it be maintained as a public road, but it is not included in the statutory language.

Mr. **Peterson**. That's correct, and I replied not necessarily to point out that we can't predict the future. The county might want parts of that road when it reached private land.

The **Chairman**. And your answer would be correct, and Senator Melcher's statement would be correct, that absent a provision in the Appropriations Act, you would be under the general authority and general statute with respect to the maintenance or denial of public access.

Mr. **Peterson**. Right.

On the gravel, Senator, our analysis, as I remember, indicates that there are somewhere between maybe 1 and 6 feet of gravel. It varies tremendously because it has been added over the years. It has been added to as they have needed adding.

Senator **Melcher**. Well, now, if you used it for a roadbed, it is helpful. If you had to dig it up with all that, I do not know what you would do with it.

But getting beyond that to the bridges——

The **Chairman**. I think you told us in the Appropriations Committee when we were discussing this matter that it would be your intention to use, if you acquire all of it, and including title to the gravel, that as you develop spur roads you would remove some of the excess gravel from this roadbed and use it on the spur roads?

Mr. **Peterson**. That is correct, because in places where it might have 6 feet on it, we would not need that depth for roads purposes, and we would probably remove some of that and put it on spur roads. But I can't tell you how much we would remove. It depends upon all the different sources.

Senator **Melcher**. Now, the next point is the bridges. Will you show the Montana portion of it, where you feel you want to leave a bridge in, and can it be used?

Mr. **Peterson**. I think maybe, Senator, we might want to show you the whole thing because it doesn't make much sense to look at pieces of it.

Senator **Melcher**. All right. Then we will go and vote and be back.

The **Chairman**. Yes, we will stand in recess subject to the call of the Chair.

[A brief recess was taken.]

The **Chairman**. The committee will come to order.

Senator Melcher.

Senator **Melcher**. Thank you.

Chief, when we left you, you were talking about gravel, and we'll have enough of that talk.

Mr. **Peterson**. Thank you.

Senator **Melcher**. I think I brought up the question of bridges, whether you were going to leave the bridges in place because they were going to serve the purpose of access across the drainage and as part of a road system. I can see that and you suggested a look at the whole thing, Idaho and Montana.

Mr. **Peterson**. I think that's the only way you can get a fair picture.

For example, one of the largest bridges is over the, I believe it is the St. Joe River, down near St. Joe. It's a monstrously long, steel bridge. Obviously, it would be very costly and environmentally damaging to try to do something other than to use that bridge.

The real question is not whether we plan to use the bridge. The real question is how do you appraise it. If you appraised it for its replacement cost, that would be a tremendous cost. If you appraised it at its salvage value in Spokane, it may be worth very little.

That's the crux of the argument, really, how do you appraise it.

Senator **Melcher**. Well, I think we are more practical than that. If it has utility in place, if it's going to be used for a road, as part of a road system—that's easily resolved by showing the bridges that you want to leave intact and use in place.

Mr. **Peterson**. I should hasten to add that there are a few trestles that are quite long, because they wanted to keep the railroad straight, which they may want to not use.

Senator **Melcher**. Yes. I can understand that also.

Mr. **Peterson**. So, it's a mixture.

Senator **Melcher**. Now, I want to return to the point of appraisal by the Forest Service.

When was that done?

Mr. **Peterson**. I would say probably late fall. It was done in 1985.

Senator **Melcher**. It was done a few months ago?

Mr. **Peterson**. That's correct.

Senator **Melcher**. And how long prior to the action by the Appropriations Committee of the Senate?

Mr. **Peterson**. A few months, I'd say.

Senator **Melcher**. Two months?

Mr. **Peterson**. A few months.

Senator **Melcher**. A few months.

Mr. **Peterson**. Yes.

There was not a great deal of time elapsed.

Senator **Melcher**. Well, it was done in the fall.

Mr. Chairman, I am laboring under the impression that this amount of money, $4 million——

The **Chairman**. Three point nine.

Senator **Melcher** [continuing]. When was it added? When was it put into the bill?

Mr. **Peterson**. Right before Christmas, as part of the continuing resolution.

Senator **Melcher**. In committee?

The **Chairman**. It was added in the Senate bill of September 24. The conference between the Senate and the House was in December.

Senator **Melcher**. It was added in the committee, though, was it not? I do not recall it being done on the floor.

Mr. **Peterson**. Right.

Senator **Melcher**. So that would have been September?

Mr. **Peterson**. Right.

Senator **Melcher**. When was the appraisal done?

Mr. **Peterson**. Well, about that same time. I don't remember the exact date of the appraisal.

Senator **Melcher**. It may or may not have been done prior to its inclusion in the bill, then?

Mr. **Peterson**. That's correct.

Senator **Melcher**. It wasn't done after it's inclusion?

Mr. **Peterson**. I don't know.

I don't know that sequence.

Senator **Melcher**. Now, that was for $321,000.

The **Chairman**. Would the Senator yield?

Senator **Melcher**. Yes.

The **Chairman**. My recollection is that that appraisal had been done sometime before that action was taken.

Mr. **Peterson**. I think so, but I'm not sure.

The **Chairman**. Well, that wouldn't have been the fall, then, Chief. It may have been the summer.

Mr. **Peterson**. It may well have been. I don't really remember the exact point of time.

Senator **Melcher**. And that was the appraisal at that time.

Was Justice Land and Resource Division handling this proposal at that time?

Mr. **Peterson**. Yes.

Senator **Melcher**. And so you provided the appraised price to Justice Land and Resource Division?

Mr. **Peterson**. Yes.

Senator **Melcher**. And then they made an offer to Edwards for $500,000-some, virtually double—$650,000.

Mr. **Peterson**. I believe it was $670,000 or $680,000—something like that.

Senator **Melcher**. Six hundred seventy thousand. They made an offer to Edwards on that basis, which he refused.

Mr. **Peterson**. That's correct.

Senator **Melcher**. So, there it sits.

Mr. **Peterson**. There it sat, until congressional action. Congressional action, in essence, resolved this dispute between $670,000 and $14 million.

Senator **Melcher**. At $3.9 million.

Mr. **Peterson**. They resolved it at $3.9 million.

Senator Melcher. The administration has not requested or contemplated a deferral?

Mr. Peterson. The status of the situation, as I understand it at the moment, you see, the Edwards Investment does not have to take the $3.9 million if they don't want to. There are negotiations ongoing with Edwards right now in trying to resolve this question, up to $3.9 million.

Senator Melcher. But that is not the question, though. The question is there has not been consideration, as far as you know, of a deferral?

Mr. Peterson. Not as far as I know. No, sir.

Mr. Myers. Not as far as I know, either, Senator.

Senator Melcher. We've got deferrals all over this place, but that isn't one of them?

Mr. Peterson. Not as far as I know, no.

Senator Melcher. Is there going to be another appraisal?

Mr. Peterson. I do not think that this is a question that can be resolved by appraisals because, as you and I just discussed in connection with that bridge, if you take the utility of the bridge in place, you get one number; if you take the salvage value in Spokane, you're going to get another number.

Senator Melcher. Oh, I understand that, but we've covered that.

If the plan is to use the road on either side of the bridge and there is utility, then, to the bridge, then you've got those plans.

Mr. Peterson. Well, that's not the way normal negotiations are handled.

The Chairman. Might I just inject one of the other uncertainties that are involved. I return to this because you used a term which I think Justice has indicated is their belief from the standpoint of at least opening negotiations, and that is whether or not there was an abandonment. I think there is a substantial question as to whether or not there was an abandonment, and that would greatly affect the ultimate decision as to what values there were.

I mention that not because it's a resolved issue but because it's an open and unresolved issue.

Mr. Peterson. I think the question, Senator, there is the company has spent some money converting this railroad to a road by removing the rails and removing the cross ties. They're taking the position that they've not abandoned this; they've merely converted it from one form of transportation to another, and that's a legal question, of whether you can do that or not, or whether the abandonment of the railroad reverted it to the Government at that moment.

Senator Melcher. Well, I understand these things are legal questions, and you make an application to the Forest Service for a change in the permit.

Mr. Peterson. Yes.

Senator Melcher. That obviously hasn't been done.

I do have one further question, and that is a question of the tunnel itself.

Will that be used as part of the utility of the roads?

Mr. Peterson. Yes, we expect to, because it cuts off quite a bit of increase in elevation through a part of the country that is not easily accessible otherwise. So we do intend to use the tunnel.

It is our present intention to use the tunnel.

Senator MELCHER. That is part of the road plan?

Mr. PETERSON. Yes.

Senator MELCHER. Which side is that? Is that Montana?

Mr. PETERSON. It's both. I believe it's both.

Senator MELCHER. Oh, that's right on the line.

Mr. PETERSON. On the line.

The CHAIRMAN. The longest tunnel goes through there.

Mr. PETERSON. The longest tunnel is through that divide, separating Montana and Idaho.

Senator, I have spent a great deal of personal time looking at this. Legalese aside, it's my experience that when the Government gets involved in this, there are two things you can predict. One is a long delay. No. 2, you start with these numbers that are a long way apart and you end up somewhere in the middle. Where they end up, nobody knows.

So there is considerable value at least in getting resolved the problem there because we have some timber sales that we'd like to make now that are accessed by that railroad.

Senator MELCHER. Well, Chief, you understand even better than I that appraisals are made for a purpose, and that if they are disputed, appraisals are modified to recognize the disputes. The concern I believe in this instance is twofold. One, it was not publicly understood. There had been no public record on it at all. And, No. 2, the disparity between the appraisal at $321,000 and $3.9 million is difficult to understand for anybody who's dealt with the U.S. Government, whether it's the Forest Service, BLM, or perhaps any other agency. But those two do understand and have had some experience in what appraisals mean. Until they are modified by the Government, nothing ever happens.

The CHAIRMAN. I might add just this much to the conversation. I don't mean to belabor it, but my notes would reflect that there are a total of 16 tunnels in the rock, about 4,400 feet, if I recall correctly, 12 or 13 bridges and trestles that are involved that would be usable, I believe.

Senator MELCHER. Well, I will defend and advocate—I won't just defend, that's a poor word in this case—I will advocate that the utility of tunnels and of bridges in place is certainly to be appraised when they're going to be used; but those that are not going to be used, I don't think a tunnel has any value, and certainly the scrap out of a bridge has very little value if you're not going to use it.

So it depends on the utilization of this and the Forest plans involved. That says a lot to me on what the appraisal should be.

But I would have a very negative opinion on trying to attach value to a tunnel that is not going to be used, and I wouldn't place much value, other than scrap, on a bridge if it's not going to be used.

The Chairman has provided me with some pictures of some trestles [indicating] that are used, and if they're going to be used, they certainly have utility and they certainly have value over and above scrap.

Mr. PETERSON. OK.

The appraisal premise was based on scrap, right.

Senator **Melcher**. I understand.

Mr. **Peterson**. The appraisal premise did not include value for the tunnels. The appraisal premise was that the right of way was abandoned and the tunnels reverted also.

The **Chairman**. The appraisal did not reflect any value of the gravel and it did not reflect any salvage value for the timbers in snowsheds.

Mr. **Peterson**. That's right.

Senator, I've been around for a long time, and this is the most complicated case that I've ever seen. It's one that you and I would say most of the money on this is likely to be made by the attorneys who take opposing points of view on it. That's one of the real worlds that we deal with in this case.

The **Chairman**. I think there is one other factor that might well be on the record, too, and that is that the Bankruptcy Court sold the property in two different sales, and Edwards was the successor in interest to one of those sales. The purchaser in that sale had removed the ties and the rails before Edwards purchased that portion of the right of way.

Second, there are three parts, or three different categories of right-of-way. One is that which was granted to Milwaukee under land grant and sold by the Bankruptcy Court. Second, there are some fee simple lands not related to that acquisition but related to separate acquisitions by the Milwaukee Railroad. Third, there are some rights-of-way which are only the rights-of-way for road purpose, but are not fee simple in the lands crossed by that particular right of way.

The appraisal covered only the latter two classes and was specifically excluded from any evaluation with respect to any title or right of title because the conclusion of Justice was there was a reversionary clause in the grant to Milwaukee and that whatever Milwaukee had had, had reverted to the Federal Government before the sale by Milwaukee through the Bankruptcy Court. And also there is the question of abandonment, which deals with the right-of-way and certainly with the personal property. The initial appraisal was based upon the presumption that there had been an abandonment, therefore no value. It was vigorously contested by the people on the other side.

Mr. **Peterson**. I guess you can say that what makes a lawsuit is lawyers who are a long way apart, trying to negotiate something.

As you know, Senator, an appraisal will only work if the other person agrees to sell at that basis. If they don't agree to sell, then the way you decide value is by court action if negotiation is unsuccessful.

Senator **Melcher**. Well, I am not going to be critical, but I notice the Chairman uses the word "grant." That might be interpreted to be a railroad grant, which this is not.

Mr. **Peterson**. This was a right-of-way. I don't know exactly the estimate, but it was a right-of-way for this road.

Senator **Melcher**. Which reverts when not used for the purpose that it was allowed in the first place.

The **Chairman**. There is a contention which I will not attempt to evaluate, but there is a contention by Edwards that there was no reversion because of either, first, the statute under which the

Bankruptcy Court was granted the authority to dispose of the property, and, second, the question of whether or not a reverter would apply when the land was granted or the right-of-way was granted, whichever the fact may be, for transportation purposes, and its being maintained for transportation, albeit as a road, rather than a railroad.

Again, I do not attempt to evaluate the legal sufficiency of either of those claims, but I just note that both of those claims are made.

Senator MELCHER. Well, I spent at least two visits to the Bankruptcy Court in efforts to find ways of salvaging the Milwaukee as a railroad company transportation system. That proved futile. But, regardless of how the Bankruptcy Judge tries to cut it, and regardless of the attorneys representing the Milwaukee in the Bankruptcy Court, there is little, if anything, for them to hang their hat on in trying to get some value out of the right-of-way across Federal land once the Milwaukee ceases to be a railroad transportation corridor. The question if even changing that from a different railroad corridor to a public vehicle transportation corridor is not very easy. The reversion, maybe people want to litigate it in court, but I think it's a foolish effort to litigate it. The terms of these rights-of-way are pretty much on the side of Uncle Sam. They were meant to be that way, and it's hard to litigate and win against Uncle Sam.

But, Chief, I would like to have the information. I mentioned in this and have it available for me so that I can be in a position to be knowledgeable on this subject and respond to inquiries that have been made to me.

Thank you very much.

Mr. PETERSON. We'd be happy to provide the report on it and to probably have somebody brief you on it because it's pretty complicated. Your head will be spinning the first hour or two in trying to understand it.

The CHAIRMAN. I thank the Senator from Montana for raising the issue and asking his questions. I fully understand his desire that some of these facts be placed upon the record.

My interest was, and is, maintaining an access to a large chunk of Federal lands that otherwise would be without access. I firmly believe that it is in the interest of the taxpayers ultimately to settle the issue in a way which guarantees that the public will have access to that area.

I believe that the action that was taken is a prudent action on behalf of the taxpayers of this country, and good management rather than trying, for instance, the Forest Service has programmed some sales high on the ridges on one side or the other of this river corridor. If you cannot have access for transportation to this corridor, you'll have to build roads in from the other side of the mountain.

Mr. PETERSON. I think, as I stated earlier, there is no question that we wanted this access. That has never been the question. The question has been price, ever since we started.

The CHAIRMAN. The livelihoods of millions of Americans are intertwined with the management of our national forests. They have a multiplicity of uses besides their recreational use: fish and wildlife uses, goods and services dependent upon the effective balance management of those resources.

From this perspective, I am disturbed that, by OMB's own analysis, U.S. housing starts are expected to increase over the next years. Yet, the Forest Service Timber Sales Program has been reduced from the 1986 level of 11.4 billion board feet to 10 billion board feet in fiscal year 1987. I am disturbed that there may be something terribly wrong with that proposal, if, indeed, we misjudge.

Are we about to shoot ourselves in the foot?

Mr. MYERS. We certainly don't want to shoot ourselves in the foot, Senator. But, as you well know, the sales preparation drives the timber that we can offer. We are projecting about the same level of timber harvest, however, in 1986 that we did in 1985.

The CHAIRMAN. Based upon carryover——

Mr. MYERS. That's right.

The CHAIRMAN. And the timber contract that put some sales on the shelf that can be pulled off quickly.

But I am concerned that that may not be adequate.

Mr. PETERSON. I think, Senator, as I mentioned earlier, maybe before you came in, the proposal here is one driven by trying to reduce outlays in 1987 and hoping to make an inventory adjustment in terms of number of years under contract. Certainly if housing starts do, in fact, continue at the level that they are projected, we'll need to match harvest and sales at some point fairly soon.

The CHAIRMAN. Let me get into an area that always causes people on your side of the table some heartburn, because I am going to ask you some questions. What did you ask for and what did OMB let you have? I think we need to understand that.

What programs did the Forest Service request from the administration?

Mr. PETERSON. I do not have the total here, but I think the Forest Service requested 11 billion board feet in that.

Mr. MYERS. It was 11 billion board feet.

Mr. PETERSON. I think it was 11 billion, even. However, the Department's request to OMB was 10 billion board feet.

The CHAIRMAN. To the best of your knowledge, are there any reasons for its reduction, other than those you've already given?

Mr. MYERS. Basically, it was the dollars.

The CHAIRMAN. It was the dollars and the calculation that we can get by for 1 year, and since we have extreme budgetary pressures in 1987, we'll yield on this part of the program?

Mr. PETERSON. And feeling that it was possible to reduce outlays there that could be picked up in later years if housing starts did increase, continue to increase.

The CHAIRMAN. I understand that you feel that the OMB analysis of the sale program is inconsistent with your own analysis, and that you intend to submit a response.

Is that correct?

Mr. MYERS. That's correct.

The CHAIRMAN. What leads you to the conclusion that the OMB analysis is wrong?

Mr. MYERS. Well, they don't use total real income, and there are several points in it that are difficult.

I think the Chief could probably explain the technical side of it better than I can.

Mr. PETERSON. It's not easy to take the Forest Service budget, as you know, and decide how much of it should be related to timber and minerals. For example, what did you do with the fire protection budget? The fire protection budget is almost independent of sale levels.

Now, on the other hand, you could say well, you have to have fire protection to protect timber; therefore most of it ought to be charged. The fact is that the $156 million or so that we spend for fire, a high proportion of that goes to California, particularly southern California. It's brush-covered country. So it doesn't have anything to do directly with the timber sale program.

The problem that I think OMB had in adding these numbers up was to try to figure out which numbers to relate to the timber sale program. There was a real potential of not doing that, not knowing enough about the details of the budget to do that fully correctly.

The CHAIRMAN. If I look at the figures correctly, and I believe your tables indicate this, the request to the department was $2.371 billion; the request to OMB was $2.142 billion; and the proposal is $1,735,000—a difference from the program request of $633 million, or somewhat over 25 percent of the total.

Are those figures correct?

Mr. PETERSON. Senator, I believe you requested those and we provided them. I do not have them with me here.

The CHAIRMAN. That's what we got from you in response to our request.

I am concerned that, indeed, whenever there is a budgetary stringency, it's easy for us to defer long-term resource management because it doesn't have an immediate, next-year effect. It has an effect over a long period of years.

The temptation is always to reduce long-term programs at the expense of short-term programs that spend out very quickly.

I think I see that happening again.

I'm not suggesting, Chief, that you have suggested that. I rather imagine that was because of pressures in OMB, and I think these figures would indicate that that 25-percent reduction did not arise with you but did arise in OMB. If I look at timber harvest levels, among other things, sales prepared under the fiscal year 1987 budgets are not actually sold, or not likely to be sold, until some time in 1989, and not harvested until after that. If we are looking at a rising demand in the marketplace, a recommendation for a reduced sale program is not likely to be caught up in time to meet that rising market.

That's only one of the concerns that I have.

If you compare it to a human resource program that spins out annually, planting a tree does not seem very important. It only seems important in the aggregate over a long period of time, so you can cheat on it one year. If we're talking about the protection of watersheds, the watershed isn't going to go to hell in one year if you don't spend the money in one year, but it will over a period of years.

So, the tendency is to push that ahead as something that can be deferred. But if you defer it very long, you have a cumulative impact.

I am very much concerned that what I see in OMB's restrictions on your request is a consistent pattern of cheating the future in order to spend now. That's almost as bad as a number of other situations we have, such as building a national debt at the expense of future generations or the antithesis of the environmental movement that requires us to internalize costs rather than shifting those costs to future generations.

Do you share the same concerns?

Mr. PETERSON. Senator, I guess you would expect us, being very close to the national forests, to have maybe a very parochial interest in seeing those investments made. I don't envy OMB in their role of trying to figure out how to match outcome and income. But certainly there is a need for sustained long-term investment in natural resource programs if the future needs are going to be met.

The CHAIRMAN. May I ask one more question. I am going to have to run and vote, and since we are so near the end of the questions, I will submit the balance of mine. But I need to ask one while you are here.

I know the Forest Service was not anxious at the time a few years ago, when we changed from net receipts to gross receipt distribution to the States, the Forest Service was not anxious to see that change made. Against that backdrop, I have to wonder where the suggestion came from that we go back to net receipts. Was that suggested by the Forest Service?

Mr. PETERSON. That thought originated several years ago, as you know, and has been around in various forms since then. So it's not a new thought.

The CHAIRMAN. Not a new thought, but the Congress changed it not long ago to go to a gross receipts distribution, to reverse the years of progress toward net receipts.

Mr. PETERSON. That's correct. It was in 1974 or 1976, I think.

The CHAIRMAN. I don't remember, but it was the same year we got PILT.

Mr. PETERSON. Yes.

The CHAIRMAN. We got both in the same year, which was an amazing year in many respects.

Was it your suggestion that we go back to net receipts?

Mr. PETERSON. No, it was not our suggestion.

The CHAIRMAN. Was it the USDA's suggestion that we go back to net receipts?

Mr. MYERS. No, it was not. We did, however, propose eliminating Knutson-Vandenberg deposits and earned and allowed purchaser credits from the receipts sharing base.

The CHAIRMAN. Then should I conclude it came from OMB?

Mr. PETERSON. I don't know where it came from.

The CHAIRMAN. Now there's only three of you in the act, I think. [General laughter.]

The CHAIRMAN. And I have two of you here, and both of you deny paternity. But I have a bastard child on the staff, and somebody fathered that child.

Mr. **Peterson**. I thought maybe it came from the Senate Energy and Natural Resources Committee.

The **Chairman**. Now, no. You know better than that.

Mr. **Peterson**. I do know better than that. [General laughter.]

The **Chairman**. And it didn't come from the Subcommittee on Interior and Related Agencies of the Appropriations Committee either.

Mr. **Peterson**. I realize that.

The **Chairman**. Thank you very much.

I appreciate your testimony this afternoon. I apologize for the several interruptions, but we very much look forward to working with you on the development of these programs, perhaps a redirection, I would hope, at least in some part with respect to long term resource planning, protection and development.

Mr. **Peterson**. Thank you Mr. Chairman

Mr. **Myers**. Thank you.

The **Chairman**. Thank you both very much for your testimony. Without objection a copy of a speech prepared for Peter C. Myers will be included in the record at this point.

[Whereupon, at 4:46 p.m., the hearing was adjourned.]

[The speech follows:]

BELOW-COST TIMBER SALES: AN OVERVIEW OF THE ISSUE--UNDERSTANDING THE LINKAGES

When human beings look toward the heavens, we marvel at the unfolding of the universe. We do not single out one star, or seek to measure the intensity of its light. Today, I would ask you to do the same at this conference. Look beyond the light of one star. Look beyond just the one resource of timber. Look beyond the one measurement of economics. Look to the total management of the National Forests.

The National Forests are public forests, owned by the American people, and managed by the Forest Service under Congressional mandates to meet the needs of the public, now and into the future. National Forest management has changed over the last 80 years, more in an evolutionary way than in a revolutionary way. And it will continue to change. I'm glad that you are interested in contributing to that healthy change.

I think the real issue that concerns us all is: What is the role of the National Forest System and how should these publicly-owned forests be managed? Under this issue are a number of questions which are as much philosophical as economic. I think we all want balanced use, but our viewpoints on what constitutes balanced use may differ.

At the root of the debate over below cost timber sales is the National Forest land base question--How many millions of acres of Federal land will be set aside for special management such as wilderness and how many will be managed for other kinds of uses, including timber production?

In the last Congress, major wilderness bills were enacted into law for most States. As a result, almost 7 million acres were added to the National Forest Wilderness Preservation System. At the same time, 28 million acres were statutorily released by Congress for uses other than wilderness. In spite of these congressional actions, it is clear that some groups still want even more lands designated as wilderness and are seeking to prevent areas in an unroaded condition from ever becoming roaded. I believe that the current debate on below-cost sales is but a manifestation of that critical and overriding land allocation debate. As such, it is not likely to subside until the National Forest land base issue finally has been resolved.

There is no question that those who are concerned about below-cost timber sales have legitimate public policy interests specific to this issue that deserve to be discussed and debated. However, I believe it is also important to recognize the below-cost sales issue in the context of the major land allocation questions that underlie the management of the National Forests. From this viewpoint, the below-cost sales issue can be seen as much symptom as it is substance.

Prepared for delivery by Peter C. Myers, Assistant Secretary of Agriculture for Natural Resources and Environment, at the Conference on the Economics of National Forest Timber Sales, Spokane, Washington, February 18, 1986.

Rationale and Basis for the National Forest Timber Program

As one of the lead-off speakers at this conference, I hope to help frame the issues that will be discussed further by later speakers. I would first like to very briefly address the rationale for the National Forest timber program, and the role of economic analysis in the National Forest decision making process, as well as describing the statutory basis for National Forest programs.

---The Organic Act of 1897 established what became the National Forest System, to improve and protect the forests "...for the purpose of securing favorable conditions of water flows, and to furnish a continuing supply of timber for the use and necessities of the citizens of the United States..."

---The Weeks Act of 1911 identified timber production and watershed protection as the purposes for which the National Forest lands could be acquired.

---The 1960 Multiple Use Sustained Yield Act specifically stated the purposes for which the National Forests were to be managed, to include outdoor recreation, timber, range, watershed, and wildlife and fish. It also makes it clear that the National Forests are not to be managed necessarily to maximize financial returns. The Act states that consideration shall be "given to the relative values of the various resources, and not necessarily the combination of uses that will give the greatest dollar return or the greatest unit output."

---The Wilderness Act of 1964 established the concept of Congressionally designated areas "where the earth and its community of life are untrammeled by man, where man himself is a visitor..."

---The Forest and Rangeland Renewable Resources Planning Act of 1974, as amended by the National Forest Management Act of 1976, added considerable direction for managing the National Forests, including economic considerations. In all cases, while economics is to be a consideration in planning and decision making, it clearly is not intended to be the sole determining factor.

Public Benefits--The Appropriate Measure of the Worth of the Timber Program

Many critics of below-cost sales have focused the debate very narrowly. They argue that if the Forest Service makes a timber sale in which the cost to the Government in preparing and administering the sales, plus the cost of road construction and reforestation, exceeds the cash revenues from the sale, then the public does not benefit from such sales and they should not be made. Some critics believe Congress should prohibit such sales.

I believe that this approach ignores a fundamental principle that must be taken into account in evaluating the economics of the Forest Service's timber sale program. That is that the Forest Service is required by law to manage the National Forests for multiple use. The real measure of the worth of the timber program is not costs versus revenues, but costs versus public benefits. Public benefits can be measured as receipts and as the dollar value of benefits for which revenues are not received, such as recreation. Unfortunately, some benefits are impossible to value in dollar terms or other readily quantifiable measure.

In the broader context, sales with revenues less than costs are justified when important non-timber objectives, which are justified on their own merits, are being provided and the timber program is the most cost-effective way to achieve those objectives. The forest planning process is the proper mechanism for these management decisions.

Another consideration is that many communities rely on National Forest timber for a significant portion of their economic support. This economic dependency is an important factor to be taken into account in decisions affecting the National Forest timber program. Although there is limited statutory direction related to the need for the Forest Service to consider community dependency, it should be recognized that a fundamental rationale behind the concept of sustained yield forestry was to provide a consistent and regular supply of timber to support both dependent communities and the nation. The public has consistently raised community dependency concerns in comments on forest plans. It is a relevant and important issue to be addressed in planning.

There are still other important considerations that are difficult to identify in readily quantifiable terms, but which must be taken into account in decisionmaking. The results of forest planning indicate that non-priced objectives are having a significant influence on Forest Service planning preferences. In particular, these plans indicate the willingness of the agency to incur significant opportunity costs (measured in terms of the foregone value of timber, recreation, wildlife and other resource uses that are measured in dollars) to respond to issues and concerns raised by the local public and by special interest groups. The benefits of responding to those public preferences often cannot be measured in dollar terms, although the opportunities foregone certainly can.

This indicates that there will always be a need for prudent professional judgment in the decisionmaking process. There must remain flexibility to balance economic outputs and benefits with objectives associated with expressed public issues and interests in decisions over the use and management of the public's land.

National Forest Timber Program Cash Revenues and Costs

The National Forest timber sale program, when considered nationally, generates more cash revenues than the program costs. Over the six years from 1978 to 1983, the value of the timber sold was $5.5 billion greater than the total cost of the timber program and the value of timber harvested was $1.4 billion greater than the cost. Even during the depths of the home building recession in 1982, the value of the timber sold on National Forests exceeded the cost of the timber sale program by some $47 million. This monetary profit does not consider the added nonmarket and indirect benefits derived from the timber sale program. In Fiscal Year 1984, expenditures for timber sale preparation and administration were $304 million. The value of the timber sold was $701 million. This indicates a positive return of almost $400 million. In addition, counties receive 25% of all Forest Service receipts, and timber sales contributed toward the $226 million which counties received for FY 1984.

Even though the Forest Service timber program produces net revenue when viewed nationally, an issue is made of below-cost sales because there are some individual timber sales that have costs that exceed cash revenues in certain parts of the National Forest System.

Timber Cost Accounting Principles

One of the major difficulties in dealing with this subject has been one of definition. In other words, just what is a below-cost sale? This raises the issue of just what are proper timber costs and what are not. The issue of the proper accounting approach is a complicated and technical one. I believe that it is important that we recognize that there is currently no agreement on this issue. We have a major effort underway to develop a credible system of identifying and accounting for timber costs. I will leave the debate on the specifics of this issue to the experts. However, I believe that there are several basic principles that should be understood about timber costs.

The first is that some of the costs which are often counted against sale revenues are in fact capital costs. As such, they more properly should be viewed as long-term investments from which the total benefits may not be realized for many years. The cost of a road is the best example of such a long-term investment. A road may have a useful life of twenty or more years. It will be used during that period not just for logs hauled from the timber sale which finances it, but may be used for access for other timber sales as well. The other side of the coin is that a timber sale may benefit from previously built roads, that are not currently accounted for as depreciation costs.

A second major consideration is that many roads benefit more than one activity, and are really joint costs. A road built for timber may benefit recreationists and other forest users and enhance fire protection. In fact, when such roads are designed to meet non-timber multiple uses, they may cost much more than if the road were designed for timber purposes only. For example, to meet the safety aspects of recreational traffic and to extend seasonal use, a road built on a timber sale may be wider, have less steep grades, and require rock and/or surfacing.

The cost of a National Forest timber sale is often increased or its revenues reduced when non-timber multiple use objectives are achieved through the timber program. Yet, it is often less expensive to achieve these non-timber objectives through the timber program than through separate projects.

A third major consideration is one I have already mentioned--that some benefits cannot be quantified in dollar terms. The benefits of a timber sale may go beyond the revenues generated by that sale. Such benefits may include improvement in wildlife habitat diversity, reduced risk of epidemic insect and/or disease attack, community stability and employment. Conversely, some sales may cause adverse impacts not easily quantified in economic terms--such as reductions in opportunities for additional wilderness or reduced habitat for some species of wildlife.

We also need to recognize that responding to public issues and interests often leads to reduction in economic benefits from timber in favor of an acceptable response to those expressed issues and interests. This never appears in any accounting record, but is clearly measurable in the comparison of planning alternatives and benchmarks in the National Forest planning process.

Broader Perspective Necessary

The goal of National Forest Management is to provide a level and mix of multiple uses that is optimal now and in the future for the national welfare. The timber program is but one vehicle for achieving this goal.

The multiple use mandate demands that the economics of the timber program be considered in a broad multi-resource context, rather than from a narrow, cash-flow approach. The debate on the management of the National Forests should be made based on a broader definition of economics which takes into account the relative value of all uses and outputs, as well as an appropriate response to differing interests in the management of the National Forests. This is a fundamental principle, the importance of which cannot be overemphasized. It is central to carrying out a rational discussion on the below-cost sale issue.

Administration and Forest Service Efforts to Respond to Issue

Now I would like to address our efforts to respond to the public expression of concern over the economics of Federal timber sales.

From the very beginning, this Administration has been interested in improving the use of economics and economic analysis in National Forest planning. In 1982 we proposed a revision to the National Forest Management Act regulations which had the effect of imposing additional requirements for economic analysis as part of the National Forest land planning process. These regulations were revised to require that at an early stage in the planning process, planning benchmarks be developed which would evaluate the maximum economic level of timber and other commodities that could be produced from a particular National Forest. Other biologically driven benchmarks were also required. It was intended that these benchmarks be used together with issues raised by the public, and the management concerns and resource development opportunities identified by the Forest Service during the planning process. This information is to be used to assist the formulation of a full range of alternatives to be evaluated during the planning process.

The regulations also imposed a number of additional obligations to carry out a more rigorous economic evaluation and required a more thorough and comphrehensive display of economic information in the planning documents.

In May of 1983 the Forest Service issued procedural guidelines for analysis which provided detailed and comprehensive guidance for carrying out economic analysis necessary to evaluate the planning alternatives.

Another indication of the Department's concern and interest over the question of the economics of the National Forests timber sale program, was its decision related to administrative appeals on the San Juan and on the Grand Mesa, Uncompahgre, and Gunnison National Forests. These two forest plans were appealed by several groups on the basis that they involved significant increases in the timber sale program on these forests in spite of the fact that, for the entire planning horizon, timber sale costs would exceed timber sale revenues. We agreed in part with the appellant's concerns. We felt that the planning documents had not adequately identified the non-timber benefits that would be achieved by the timber program or explained why these benefits were sufficient to justify expanding timber sales with costs greater than revenues. We have remanded these two forest plans back to the Forest Service to better address these issues. We also asked that the planning documents address opportunities for reducing timber related costs and enhancing revenues with a view to reducing the volume of timber sold below costs.

We have also been taking a great number of additional actions to improve the economic efficiency of the timber sale program and to find opportunities to reduce the cost of the program and enhance the revenues. The Forest Service has completed a study of four National Forests with the objective of finding opportunities for reducing costs and enhancing revenues. On these four forests, the Agency has found significant opportunites to do both without adversely effecting timber sale levels or damaging nontimber resource uses. We expect to follow up on these studies and expand the evaluations to other National Forests. I believe there are significant opportunities to reduce the number of sales sold from the National Forests which fall into the below cost sale category. The Secretary's Office is committed to doing just that.

The Chief, last year, issued guidelines to the Regional Foresters related to timber sales below cost. It directed the Regional Foresters to:

(a) Manage the timber sale program so that total benefits equal or exceed costs over time.

(b) Plan and conduct the timber sale program in an economically efficient manner, consistent with multiple-use principles and in conformance with land management plans.

(c) Use the flexibility provided in Forest plans to adjust the timber sale program on individual National Forests to reflect present and future anticipated market conditions.

We are also in the process of completing an overview of some economic and financial considerations relating to National Forest System road program cost performance. This analysis covers national, regional, and local levels. The analysis shows, markedly, that we are experiencing decreases in numbers of miles constructed, as well as reducing costs of construction. This analysis is intended to be utilized as a management tool as we continue our focus on achieving an appropriate Forest transportation system. While this effort is on economic and financial considerations, other on-going activities, such as the National Roads Assessment, will help us examine environmental, user safety, and quality issues.

The Forest Service will soon complete a detailed evaluation of timber sale accounting alternatives which was required by Congress. This timber sale information system will test and evaluate in detail a variety of cost-accounting options and what would happen if those options are applied to sample National Forests. The study will be used as a basis for improving Forest Service cost accounting procedures. The Forest Service cost-accounting study will provide information on nonmarket benefits and community impacts, as well as costs and revenues. When we have an accepted and credible accounting system, we will also have a credible basis for determination of the number and distribution of below-cost sales.

Policy Issues Raised by the Below Cost Sales Issue

Now I would like to go over a number of policy issues that are raised by the below cost sale question. I am raising these issues to indicate the need to broaden the discussion of this question to include a broader perspective than has existed up to now.

Should all users pay?

A below-cost timber sale implies both a resource management activity--a timber sale--as well as an assumption as to how its cost is covered. In this case, by revenues generated from that sale. If we are going to discuss below-cost timber sales, we also need to discuss other resource programs on the National Forests which are provided "below cost."

There are many other National Forest resource activities where revenues do not cover the cost of administration. A key example is the recreation program. Last year, the National Forest recreation program cost more than $100 million and returned but $30 million in receipts. About half of these receipts came from ski areas. The same policy issues that have been raised regarding below-cost timber sales can and should also be raised over below-cost recreation programs. (OMB constantly raises this point). Critics of below-cost timber sales cite the alledged inequity of having general taxpayers subsidize timber sales which benefit certain industries or communities. A similarly relevant question is: How fair and proper is it for the general taxpayer then to finance Federal expenditures that benefit only those people who happen to utilize the National Forests for recreation? There are many National Forest campgrounds that are losing money every year. Only a small proportion of the people of this country take advantage of recreation opportunities on the National Forests. Why then should the cost of providing recreation for a few be borne by the majority?

This question is particularly appropriate in this period of Government austerity and Gramm-Rudman mandated reductions in funding levels for many popular and familiar programs. Traditionally, commodity uses of the National Forests--timber and oil and gas, and, to a lesser extent, range--have paid market values or some approximation of market values. Compare that with the fact that noncommodity uses such as recreation, hunting and fishing have paid little or nothing directly to Federal land management agencies. I believe it is timely to examine the question of whether all users of the National Forests should pay, and if so, on what basis. Should the basis of payment be market value, or should it be the cost to the government for administering the program? If the cost to the government for administering the program exceeds the market value (as determined by supply and demand in the market place), should the Federal Government then refuse to provide that resource use or value?

It is logically inconsistent to apply one set of principles to the timber program and another to other resource programs. I believe it would be useful and appropriate at this time of growing Federal deficits to examine these and similar policy options in addition to focusing on the more narrow issue of below-cost timber sales.

Should the timber program provide non-timber benefits?

Another significant policy issue that should be addressed in any discussion on improving the efficiency of the National Forest timber sale program is the cost of providing non-timber benefits. There is no question that the cost efficiency of the timber program can be substantially improved, but one result might be the modification or elimination of some practices designed to promote non-timber objectives. I want to make it clear that I am referring here to measures beyond those needed to protect the productivity of the land and meet water quality and other environmental standards. The Forest Service is, of course, fully committed to meeting those standards as part of the timber program.

Many of the current practices designed to disperse harvest operations, such as smaller clearcut size, wider spacing between harvest units, and similar practices, exist, not because they are necessary to meet minimum water quality and other legally mandated environmental standards, but because it is felt they promote and achieve non-timber multiple use objectives, such as wildlife habitat diversity. These practices impose considerably more costs than would be incurred if these forest lands were privately held and multiple use were not an objective.

A recent Forest Service study estimates that the cost of such environmentally related requirements in Forest Service timber sales in the Northern Rocky Mountains averages over $400 per acre. That is a very substantial figure. (Source: Benson, Robert E., Niccolucci, Michael J. 1985. Costs of managing nontimber resources ~~when~~ harvesting timber in the Northern Rockies. Research Paper INT-351. Ogden, UT: USDA-FS, Intermountain Research Station. 22 p.).

Those who feel that the Forest Service is overstating the non-timber multiple use benefits of the timber program should understand that the logical consequence of that argument would be to reduce the costs incurred in timber sales to achieve such objectives. The result would be a more financially efficient timber program--but a program that would place less emphasis on achieving non-timber objectives in every situation timber is sold, managed, and harvested. It would likely involve larger clearcuts, closer spacing, and more visual impact in some areas and lesser impacts in others. It would also mean fewer roads and more unroaded areas. And, of course, both lower costs and higher revenues from timber purchasers.

This symposium would be incomplete unless it sought to understand the relationship between the costs of achieving non-timber objectives and below cost sales. In fact, an outstanding agenda topic would be--"The Effect That Providing Non-timber Objectives Has on Causing Below-Cost Timber Sales."

It should be noted that a move to large harvest units could also have other ecological and environmental benefits as well. In addition to involving fewer roads, with reduced erosion and other associated impacts, larger units may also be more consistent with naturally occurring ecological units. For example, in western Oregon and Washington, fire was a significant element in the natural ecology. Larger units would be more consistent with the natural fire caused vegetative pattern than the smaller 20 to 40-acre units which are currently Forest Service practice in this area.

This raises a basic strategic question in National Forest management which needs to be given more attention. We have usually set standards individually without an aggregate assessment of their interactive impacts, costs, and benefits. We are now sensing that the aggregate impacts from these individually set standards may be having some undesirable impacts, both on the costs and revenues of timber production and from environmental and wilderness viewpoints as well. Much more study of this strategic question is needed.

Should We Have Dedicated Timber Production Areas?

If the public is seriously interested in improving the economics of the timber program on the National Forests, should we consider the concept of dedicating areas of the National Forests to timber production? This is not a new concept. It was recommended back in 1970 by the Public Land Law Review Commission.

The dedication of federal land for a primary management objective certainly is not a new concept--at least when it comes to dedication of areas for non-timber objectives. We have many National Forest areas dedicated for non-timber purposes, including Wilderness, National Recreation Areas, Research Natural Areas, and Wild and Scenic rivers. Why not have areas dedicated to timber? This approach would significantly improve the financial efficiency of timber production on the National Forests. It might also reduce environmental impacts and free up more area for undeveloped recreational uses.

National Recreation Areas and Wild and Scenic Rivers managed by the Forest Service have outdoor recreation as their primary objective. However, other uses, including timber production, often are carried out if these activities will not detract from, or will enhance, the primary recreational objective. In concept, areas dedicated to timber production could be managed in the same way. Timber would be the primary management purpose, but other uses and objectives, such as hunting, fishing, hiking and other activities, would be permitted where consistent with this primary purpose. In all cases though, care would be taken to protect the basic productivity of the land and not violate water quality and similar standards.

It is unlikely that timber production areas would amount to a large proportion of any National Forest. They would be highly productive lands capable of efficient, high quality timber production that would generally be of relatively lower value for other uses. In other words, areas generally characteristic of fairly modest environmental impacts from timber production.

Raising this policy issue should not be interpreted as endorsement. It is not. But I do believe that if we are seriously concerned over the economics of the timber program, we need to look at a variety of options, and a variety of approaches, including those which may not be consistent with our traditional institutional approaches.

How does non-declining yield affect timber sale economics?

The fact that the National Forests are managed under a regulated harvest level for sustained yield itself significantly effects the economics of the timber program. This effect is not often well understood. In some cases, an individual sale may show a negative return, but because the sale helps to fill in and contributes to the age class distribution of the forest, its inclusion will improve the overall economic efficiency of the management of the National Forest when considered as a whole.

So, you can have one answer when looking at economics on a stand or sale basis and an entirely different answer by looking at the economics of that same sale when considered at the forest level.

The existence of a harvest flow or sustained yield constraint at the forest level causes this phenomenon. The results of forest plans show that the harvest flow constraint is perhaps the single most important economic decision made in forest plans. Its economic importance overrides that of most other decisions made in planning. Its general effect is to reduce the economic value of the forest in order to achieve evenflow and stability of supply from the forest, decade to decade, rotation to rotation.

The fact is that the more rigid the harvest flow constraint, the greater is the difference between forest-level economics and per acre or stand economics, especially when the existing forest is significantly different from one with an even distribution of age classes.

It is under the most rigid of harvest flow constraints, non-declining yield, that the greatest area that is uneconomic on a per acre or stand basis on any particular National Forest will be managed for timber production.

Departures from non-declining yield which allow flexibility in adjusting harvest schedules from decade to decade tend to result in selection of stands having significantly higher economic returns on a financial basis. All other things being equal, departures tend to reduce the land area needed to produce a given level of timber production and to significantly improve the efficiency of management on both a forest and stand economics basis.

So here is a possible dilemma. On the one hand, arguing for non-declining yield has the inevitable result of causing stands to be selected for harvest that have negative economic returns. It also maximizes the forest area needed to produce a given level of timber production. On the other hand, arguing that stand economics should be positive would logically necessitate providing flexibility in harvest scheduling, i.e., departures from non-declining yield, to provide that result.

Due to the economic importance of the harvest flow decision and its effect on land base and stand economics, it would be inappropriate to lay the issue of below cost sales on the table unless the question of departures is placed on the table as well. A useful addition to this conference would be a agenda item with the title "The Effects of Non-Declining Yield on Inducing Below Cost Sales."

Addressing Other Public Issues Related to National Forest Management

As I indicated earlier, below-cost sales are related to other controversies surrounding the management of the National Forests. Because of this, I think it is appropriate to deal with some of these concerns:

1. "The Forest Service is on a road-building binge."

The Forest Service has not rapidly accelerated roadbuilding activities in recent years. The fact is, the mileage of roads constructed on National Forests has actually decreased from 10,500 miles built in 1980 to 7,759 miles constructed in 1984.

The subject of road building has drawn sufficient attention to generate an investigation by the House Appropriations Committee which was completed in April of last year. This investigation found that:

--New roads to be constructed over the next decade are less than current levels.

--Only 20% of roads to be constructed over the next decade will be constructed in roadless areas.

--Roads constructed in roadless areas will be limited to those areas Congressionally released or recommended for development.

Based on their findings, the Surveys and Investigations Staff concluded:

--The Forest Service is not on a road building "binge."

--The Forest Service does not have a secret plan to increase road construction into roadless areas.

In addition, they found:

--The public has ample opportunity to participate in Forest Service planning.

--Congressional oversight is adequate to prevent any "secret agendas."

2. "The National Forest Plans are proposing significant increases (a doubling or tripling) in the level of timber sales from the National Forests."

The latest available summary of timber data from Forest plans (based on 23 final plans and 57 draft plans) shows that the average proposed sale level for the first decade (allowable sale quantity) is only 11% above the average amount actually sold in recent years (current direction alternative). For the majority of Forests, that amount is much less than the sale level authorized under previous plans. Neither does the Forest Service plan to double annual timber harvests over the next 50 years. The RPA Assessment projects about a 60% increase in timber demand by 2030 over 1980 levels, and we would expect the increase in National Forest harvest to be somewhat less than that.

We need to clear up a misconception concerning Forest plans. The plans are only 10-15 year plans. It is necessary to display alternative projections for the outyears, but the decision being made is only for the first 10-15 year period.

Change is a fact of life, and it is very likely that changes occurring during the 10-15 year life of these plans will result in different 50-year projections when they are revised.

3. "The Forest Service has exceeded RPA timber and road-building goals, but fallen far short of RPA recreation and watershed goals."

A comparison of actual accomplishments during the period of fiscal years 1981-1985 with the 1980 RPA program shows that the Forest Service achieved 96 percent of the timber offered goal, 98 percent of the timber stand improvement goal, 82 percent of the reforestation goal, and 66 percent of the total road construction goal. It achieved 123 percent of the recreation use goal, but did fall significantly short on trail construction and reconstruction (25 percent of the RPA goal) due to a shortage of funding. Budget limitations also resulted in achieving only 40 percent of the soil and water resource improvement goal and 64 percent of the wildlife habitat improvement goal.

In 1984, the Forest Service exceeded the projection in RPA for appropriated road construction but fell far short of RPA projections for timber purchaser road construction. The Forest Service accomplished only 67% of the RPA projections for total road building in 1984.

4. "All the timber the country needs can be grown on private lands or in the "South."

This proposition has come forward in past years in various forms, but has never been properly evaluated, let alone supported. In fact, the chartering legislation which created the Forest Reserves (later the National Forests) was enacted for the specific purpose of providing a supply of timber to meet the needs of the American people. That, in effect, was a policy evaluation of the general timber supply situation and outlook that has been reconfirmed in many ways by Congress in the years since 1897.

The National Forests contain over half the standing softwood sawtimber in the nation. They supply only 23 percent of our softwood timber needs. Current demand for National Forest timber remains at a high level. While private industrial lands are being reforested to assure future supplies, the public interest demands that all ownerships should contribute to meeting our timber supply needs.

Furthermore, there is little indication at this time that private landowners have the desire to turn their lands into industrial tree farms. Even if they were, growing trees is a long-term activity. Nonindustrial ownerships contain only 20 percent of the softwood saw timber inventory. National Forest System lands would still need to be a source of available sawtimber supplies for the 30-60 years it would take to grow sawtimber on other ownerships.

5. "The National Forests contain little productive forest land. It is more efficient to grow timber elsewhere."

The National Forests, although they do have large acreages of low-site lands, also have very significant acreages of high-site lands. For example, in the West, the National Forests alone (not including BLM or other public lands) contain almost 23 million acres of site 1 and 2 land. Site 1 and 2 are the lands of highest productivity which have a natural productivity of 85 cubic feet or more per acre per year. That is 27 percent more than the total of site 1 and 2 lands in the West owned by the forest industry and nonindustrial private land owners combined. When BLM and other public ownerships in the West are considered, it is found that Federal and public lands contain 62 percent of site 1 and 2 lands in the West. Nationally, about 70 percent of the commercial forest land on the National Forests has a natural productivity of 50 cubic feet or more per acre per year.

On the subject of relative economic efficiency, the Federal lands also come out very favorably. A study by the Forest Service, in cooperation with the forest industry's Productivity Council, shows that in the West the bulk of the economically viable investment opportunities lie on the Federal lands, rather than on private lands, although there are significant economic opportunities there as well.

It would not be in the national economic interest or the general public interest, to arbitrarily adopt a policy to deemphasize timber production from the National Forests.

6. "Elk populations are being damaged by below-cost timber sales."

About 93% of the elk in the contiguous U.S. reside either part or all of the year on National Forest land. This indicates the importance of the Forest Service role in Elk management.

The following shows elk population trends and harvest levels on National Forests since 1955:

Years	Avg.Population	Harvest
1955-59	275,000	47,000
1960-64	326,000	53,000
1965-69	361,000	66,000
1970-74	370,000	71,000
1975-79	411,000	76,000
1980-84	436,000	87,000

Harvest levels also indicate an increase in hunter pressure.

Even with increased pressure and significant harvesting of timber, elk herds are doing well. In many areas, harvesting of timber has been a prime reason for the expansion.

7. "Demand for unroaded recreation areas is rising more than current capacity can provide. Roads destroy natural amenities that attract millions of visitors."

Currently the National Forest received 225 million visitor days of recreation. This is more than two times the recreational use of the National Parks. About three quarters of the recreational use is use associated with roads, such as driving for pleasure, camping in developed sites, etc. Only about 6 percent of National Forest recreation occurs in Wilderness.

So the bulk of recreational use of the National Forests is use that is directly associated with vehicles and roads. Many, if not most, of these roads were originally constructed as part of the timber program.

Actually, recreational use of all types has dropped slightly in recent years. In 1981, the National Forests saw 236 million recreational visitor days (RVD's) of use; in 1983, that figure had dropped to 228 million, and by 1985, to 225 million RVD's. This is a 5-percent drop from 1981. This dropoff was well distributed to all parts of the country and to most categories of use.

There is no support for the claim that the demand for unroaded recreation is rising more than current capacity can provide for. There is a significant surplus capacity for additional Wilderness and unroaded recreation, as there is for recreation of most types on the National Forests.

8. "Between 1975 and 1984, the Forest Service spent $2.1 billion more than on growing and harvesting trees than it received in payments."

During the period of 1975-84, the value of timber sold was $11.5 billion, while the value of the timber harvested was $6.8 billion, with approximately $7 billion of timber remaining under contract. The direct cost of preparing and administering timber sales during this same period was approximately $1.5 billion. While this $1.5 billion does not include support costs associated with other resource areas, neither does the $6.8 billion of timber harvested include benefits to other resource uses.

Conclusion--Toward a Total View of National Forest Management

I said at the beginning that I hoped to help frame the issues. I hope this talk has done that, and has provided some food for thought and discussion as well. The term holistic is often used by those who feel that conventional approaches to viewing issues or problems are too narrow. We hear about "holistic" medicine. We hear about dealing with resource problems by using an ecosystem approach--the Yellowstone Ecosystem, for example.

We need to view National Forest natural resource economics in "holistic" terms. We need to significantly broaden our focus from just below-cost timber sales to the role of the National Forests in meeting society's needs for timber, recreation, wildlife, Wilderness, and other resources. It is within this Broader context that we should consider the economics of the timber program, as well as the economics of other National Forest programs. It is within this broader context that we should evaluate our policies related to management and use of all National Forest resources. It is within this broader context that we should examine interrelationships between timber sale economics and other forest policies, including both harvest flow policy and policies for achieving non-timber objectives.

We need to try to understand how one policy issue inevitably links to another. I have attempted to point out some of the policy relationships that run through this many-faceted subject. Any comprehensive discussion of the below-cost sale issue should attempt to focus on and promote a better understanding of these relationships.

One of the best ways to address the continued wise use of our nation's resources is through the sort of open dialogue that we have here. Together, we have a tremendous responsibility to future generations, to determine the best, wisest and most balanced use of our Federal lands and the God given resources they can and should provide, now and in the future.

APPENDIX IV

RESPONSES FROM ASSISTANT SECRETARY MYERS AND CHIEF PETERSON TO ADDITIONAL COMMITTEE QUESTIONS

RESPONSES TO
ADDTIONAL QUESTIONS SUBMITTED TO AGRICULTURE ASSISTANT SECRETARY PETER MYERS
AND FOREST SERVICE CHIEF R. MAX PETERSON

FROM

U.S. SENATE
COMMITTEE ON ENERGY AND NATURAL RESOURCES

Questions 9 - 13, Submitted by Senator Warner
Questions 14 - 16, Submitted by Senator Murkowski
Questions 17 - 27, Submitted by Senator Evans
Questions 28 - 30, Submitted by Senator Johnston
Questions 31 - 34, Submitted by Senator Bumpers

ADDITIONAL COMMITTEE QUESTIONS

FOREST SERVICE

FY 1986 BUDGET ASSUMPTIONS

1. Question: Would you provide for the record a fiscal year 1986 baseline table indicating for each appropriations account:

    - The budget authority and estimated outlays as appropriated by the Congress;
    - At the applicable level of detail, the sequester baseline for the purpose of the Gramm-Rudman-Hollings Act;
    - At the applicable level of detail, the available budget authority and estimated outlays after sequester.

Answer:

1986 Forest Service Funding
(Dollars in thousands)

Appropriation	1986 Appropriation		1986 OMB Sequester Baseline [1/]		1986 Revised for Deficit Control Act	
	Budget Authority	Outlays	Budget Authority	Outlays	Budget Authority	Outla
Research	125,525	122,979	125,525	98,088	120,127	118,827
State and Private Forestry	57,638	57,761	57,638	50,016	55,160	55,610
National Forest System [2/]	1,048,301	1,080,315	1,048,301	908,548	1,003,224	1,041,247
Construction	222,522	240,119	222,522	131,743	212,954	234,454
Land Acquisition	28,130	40,527	28,130	11,253	26,920	40,043
Acq. of Lands, Special Acts	777	776	777	655	744	746
Acq. of Lands to Complete Land Exchanges	20	20	20	20	20	19
Range Betterment Fund	3,798	3,832	3,798	3,039	3,798	3,701
Other Appropriations	--	948	--	--	--	948
Operation Maintenance of Quarters	5,100	5,051	5,100	4,080	5,100	4,876
Permanent Appropriations, Working Funds	146,939	150,371	146,939	112,251	146,939	145,544
Permanent Appropriations, Payments to States	227,618	227,618	227,618	227,618	227,618	217,830
Trust Funds	155,180	167,259	120,893	103,015	155,176	162,829
Reforestation Trust Fund [3/]	30,000	34,749	30,000	24,000	30,000	33,717
Total, Forest Service	2,051,548	2,132,325	2,017,261	1,674,326	1,987,780	2,060,391

1/ This is the OMB Sequester Baseline published in the Federal Register on January 15, 1986. It was subsequently determined that reductions in the following accounts would be made in planned obligations since budget authority is not sequestrable, in accordance with Section 256 (a)(2) of P.L. 99-177:

Acquisition of Lands to Complete Land Exchanges	1,000
Range Betterment Fund	163,000
Operation and maintenance of quarters	219,000
Permanent appropriations, working funds	6,320,000
Permanent appropriations, payments to states	9,788,000
Trust funds	5,193,000
Reforestation trust fund	1,290,000

2/ Does not include the 1986 Fighting Forest Fires supplemental submitted with the 1987 budget.

3/ Merged with the National Forest System appropriation in accordance with P.L. 95-190.

2. Question: Would you provide for the record a list for each appropriations account of any anticipated fiscal year 1986 requests for rescissions, deferrals, or supplemental appropriations, including a description of the status of each item?

Answer: The Forest Service is requesting a 1986 supplemental for the National Forest System appropriation in the amount of $165,700,000. The supplemental will be used to reimburse the costs of fighting forest fires in 1985. This supplemental was submitted with the 1987 budget.

There are no deferrals or rescissions planned in FY 1986.

FY 1987 BUDGET REQUEST

3. Question: Would you supply for the record an appropriations account baseline table for fiscal year 1987, indicating the fiscal year 1987 requests (a) made for each program by the Forest Service of the Secretary, (b) made by the Department to OMB, and (c) included in the President's proposed budget?

Answer: The 1987 President's Budget to the Department, Department request to OMB and the 1987 President's Budget is shown in the following display.

USDA - FOREST SERVICE
ITEM 8 -- BUDGET REQUEST HISTORY TABLE

	1985 ACTUAL	1986 APPROP TO DATE	1987 REQUEST TO DEPARTMENT	1987 REQUEST TO OMB	1987 REQUEST TO CONGRESS
FOREST RESEARCH:					
Fire and Atmospheric Sciences Research	7,963	8,063	8,100	8,100	7,546
Forest Insect and Disease Research	21,147	21,093	22,500	22,500	20,178
Forest Inventory and Analysis	17,133	17,049	17,325	17,925	14,222
Renewable Resources Economics Research	4,513	4,566	4,825	4,825	4,456
Timber Management Research	22,161	22,468	22,765	22,765	21,339
Watershed Management & Rehabilitation Research	11,229	15,517	11,555	11,555	14,858
Wildlife, Range, and Fish Habitat Research	9,108	9,400	9810	9,810	9,291
Forest Recreation Research	2,004	2,141	2135	2,135	2,077
Forest Products and Harvesting Research	18,480	18,349	19,070	19,070	17,514
Special Projects, Competitive Grants	(7,040)	6,799	5000	5,000	0
TOTAL, FOREST RESEARCH	113,026	125,525	123,085	123,085	111,481
STATE AND PRIVATE FORESTRY:					
Forest Pest Management:					
Federal Lands:					
Surveys and Technical Assistance	10,933	11,415	12,110	11,343	11,343
Insect and Disease Suppression	7,919	8,051	10,027	11,560	5,402
Special Projects	1,227	1,244	2,252	1,855	1,250
Cooperative Lands:					
Surveys and Technical Assistance	1,886	1,865	2,095	676	676
Insect and Disease Suppression	6,860	6,858	2,946	897	0
Subtotal, Forest Pest Management	28,825	29,433	29,430	26,331	18,671
Fire Protection	13,739	13,618	14,929	14,875	3,400
Forest Management and Utilization:					
Forest Resource Management	5,137	5,205	9,824	5,184	0
Wood Utilization	955	954	2,850	1,300	0
Seedlings, Nursery, and Tree Improvement	1,720	1,798	3,605	3,476	0
Urban Forestry	1,956	1,988	1,734	0	0
Management Improvement--SFRP&CMA	988	0	0	0	0
Subtotal, Forest Management and Utilization	10,756	9,945	18,083	10,040	0
Special Projects:					
Boundary Waters Canoe Area	2,940	2,982	3,000	3,000	2,000
Pinchot Institute for Conservation Studies	245	199	260	234	0
Lake Tahoe (PL 96-586)	1,469	1,461	0	0	0
Disabled Veterans	318	0	0	0	0
Subtotal, Special Projects	4,972	4,642	3,260	3,234	2,000
TOTAL, STATE AND PRIVATE FORESTRY	58,292	57,638	65,702	54,400	24,071

USDA - FOREST SERVICE
ITEM 8 -- BUDGET REQUEST HISTORY TABLE

	1985 ACTUAL	1986 APPROP TO DATE	1987 REQUEST TO DEPARTMENT	1987 REQUEST TO OMB	1987 REQUEST TO CONGRESS
NATIONAL FOREST SYSTEM:					
Land and Resource Protection:					
Minerals Area Management:					
Locatable Minerals	9.390	9.560	11,735	9,400	8,819
Leasable Minerals	12,506	14,046	15,383	14,405	13,056
Common Variety Minerals	2,918	2,251	3.368	3.042	2,708
Geology	1,758	2,484	1,924	1,696	1,442
Subtotal, Minerals Area Management	26,572	28,341	32,410	28,543	26,025
Real Estate Management:					
Land Exchange & Adjustment	6,522	5,427	7,144	6,103	5,102
Land Classification, Status & Planning	1,324	2,169	2,893	2,018	1,637
Special Uses	7,339	7,499	10,133	8,462	7,357
Geometronics	5,651	5,749	6,660	6,215	5,749
Subtotal, Real Estate Management	20,836	20,844	26,830	22,798	19,845
Land Line Location	29,090	28,586	29,509	25,190	23,011
Maintenance of Facilities	14,792	14,736	17,812	15,042	14,735
Forest Fire Protection:					
Fire Presuppression	139,292	144,179	163,557	156,655	141,930
Fuels Management	17,299	14,061	14,450	11,345	5,295
Subtotal, Forest Fire Protection	156,591	158,240	178,007	168,000	147,225
Fighting Forest Fires	62,227	994	1,000	1,000	1,000
Cooperative Law Enforcement	7,212	6,959	7,710	6,169	2,450
Forest Road Maintenance	65,406	64,647	77,635	62,872	49,270
Forest Trail Maintenance	9,256	9,968	14,250	9,830	8,365
Total, Land & Resource Protection	391,982	333,315	385,163	339,444	291,926
Renewable Resource Management & Utilization:					
Sales Administration and Management:					
Timber Resource Inventory Planning	10,740	12,544	17,762	15,636	13,280
Silvicultural Examination	23,640	20,445	26,191	23,074	20,870
Sales Preparation	106,052	93,181	94,290	84,762	84,762
Harvest Administration	54,270	55,375	53,280	52,180	52,180
Subtotal, Sales Administration & Management	194,702	181,545	191,523	175,652	171,092

USDA - FOREST SERVICE
ITEM 8 -- BUDGET REQUEST HISTORY TABLE

	1985 ACTUAL	1986 APPROP TO DATE	1987 REQUEST TO DEPARTMENT	1987 REQUEST TO OMB	1987 REQUEST TO CONGRESS
Reforestation & Stand Improvement:					
Reforestation	31,012	53,877	42,790	37,516	3,393
Timber Stand Improvement (TSI)	22,575	30,340	43,745	21,241	10,938
Nursery and Tree Improvement Operations	13,672	15,203	15,466	13,863	13,617
Subtotal, Reforestation & TSI	67,259	99,420	102,001	72,620	27,948
Recreation Use:					
Recreation Managment	84,741	85,779	101,697	86,957	33,742
Wilderness Management	7,746	7,845	12,829	11,347	8,030
Cultural Resource Management	9,570	9,683	10,655	9,108	9,368
Subtotal, Recreation Use	102,057	103,307	125,181	107,412	51,140
Wildlife and Fish Habitat Management:					
Wildlife & Fisheries Admin. & Resource Coord.	22,371	23,682	26,763	24,866	23,360
Wildlife Habitat Improvement	6,300	6,719	7,731	5,144	4,980
Fish Habitat Improvement	1,748	1,968	2,839	1,441	1,370
Endang., Threat. & Sensitive Species Hab. Imp.	2,464	2,470	2,270	1,384	1,235
Anadromous Fish	3,843	3,855	4,744	3,503	2,835
Subtotal, Wildlife & Fish Habitat Management	36,726	38,694	44,487	36,338	33,780
Range Management:					
Grazing Program	24,691	24,238	29,310	26,154	25,595
Range Forage Improvement	1,175	1,077	1,307	592	581
Range Structural Improvement	1,145	1,105	832	191	188
Wild Horses & Burro Management	176	274	304	280	275
Noxious Weed Control	983	1,366	1,507	1,201	1,180
Subtotal, Range Management	28,170	28,060	33,320	28,418	27,819
Soil, Water and Air Management:					
Soil, Water, & Air Operations	22,044	22,157	27,719	24,112	22,797
Soil & Water Resource Improvement	3,105	3,117	3,467	1,662	1,225
Soil & Water Inventories	6,659	6,572	6,963	4,669	4,765
Subtotal, Soil, Water & Air Management	31,808	31,846	38,149	30,443	28,787
Total. Renewable Resource Mgmt. & Util.	460,722	482,872	534,581	450,883	340,566
General Administration	258,844	262,114	263,770	262,259	256,996
SUBTOTAL, NATIONAL FOREST SYSTEM	1,111,548	1,078,301 --1/	1,183,514	1,052,586	889,488

--1/ Includes $30,000,000 transfered from the Reforestation Trust Fund (P.L. 99-190)

USDA - FOREST SERVICE
ITEM 8 -- BUDGET REQUEST HISTORY TABLE

	1985 ACTUAL	1986 APPROP TO DATE	1987 REQUEST TO DEPARTMENT	1987 REQUEST TO OMB	1987 REQUEST TO CONGRESS
FS/BLM Realignment	0	0	0	0	5,000
Transfer O&C Lands:					
Construction and Acquisition	0	0	0	0	0
Maintenance	0	0	0	0	0
Renewable Resources Management	0	0	0	0	0
Planning and Data Management	0	0	0	0	0
Subtotal, Transfer O&C Lands	0	0	0	0	0
TOTAL, NATIONAL FOREST SYSTEM	1,111,540	1,078,301	1,103,514	1,052,586	894,488
CONSTRUCTION:					
Construction of Facilities:					
Research Construction	1,634	393	1,700	1,550	344
Construction for FA&O	14,417	15,393	20,001	12,012	6,492
Recreation Use Areas Construction	11,811	10,890	35,002	20,000	4,900
Subtotal, Construction of Facilities	27,862	27,284	64,703	33,562	11,736
Forest Road Construction	220,914	188,205	234,719	199,387	178,485
Forest Trail Construction	7,093	7,033	7,739	7,075	4,976
Forest Roads Purchaser Construction	(192,301)	0 --2/	(169,775)	(154,321)	(154,321
Construction, Unallotted	0	0	0	0	0
TOTAL, CONSTRUCTION	263,869	222,522	307,241	240,024	195,197
TIMBER PURCHASER CREDIT ROADS FUNDS	(-226,290)	0	0	0	0
LAND ACQUISITION (L&WCF)	50,535	28,130	9,116	3,278	3,206
ACQ. OF LANDS FOR NF SPECIAL ACTS	706	777	966	966	966
ACQ. OF LANDS TO COMPLETE LAND EXCHANGES	42	20	895	895	895
MISCELLANEOUS TRUST FUNDS	35	89	90	90	90
RANGE BETTERMENT FUND	3,966	3,730	6,595	3,992	3,800
OPERATION & MAINT. OF RECREATION FACILITIES	0	0	6,380	6,380	52,000
YOUTH CONSERVATION CORPS	(3,234)	(3,300)	0	0	0
TOTAL, APPROPRIATED FUNDS	1,602,819	1,516,000	1,704,344	1,406,536	1,286,394

--2/ Using carryover authority; original was $190,300,000; revised estimate is $107,805,000.

USDA - FOREST SERVICE
ITEM 8 -- BUDGET REQUEST HISTORY TABLE

	1985 ACTUAL	1986 APPROP TO DATE	1987 REQUEST TO DEPARTMENT	1987 REQUEST TO OMB	1987 REQUEST TO CONGRESS
PERMANENT APPROPRIATIONS:					
Working Funds:					
Expenses, Brush Disposal	53,734	48,026	50,059	47,970	47,835
Licensee Programs: Woodsey/Smokey	74	100	100	100	100
Restoration of Forest Lands & Improvements	172	100	100	100	100
Timber Purch. Roads Constructed by FS	33,898	22,911	17,175	15,758	15,434
Timber Salvage Sales	15,232	24,000	25,648	21,146	20,713
Tongass Timber Supply Fund	49,970	51,802	54,241	53,430	45,815
Road and Trail 10% Fund	0	0	0	0	0
Operation and Maintenance of Quarters	4,854	5,100	5,400	5,400	5,400
Subtotal, Working Funds	157,934	152,039	152,723	143,904	135,397
Payments to States:					
Payment to Minnesota	716	716	716	716	716
Payment to Counties, National Grasslands	10,047	14,661	10,954	10,954	10,954
Proposed Legislation	0	0	0	0	(5,354)
Net, National Grasslands	10,047	14,661	10,954	10,954	5,600
Payments to States, National Forest Fund	224,937	212,241	298,036	298,036	298,036
Proposed Legislation	0	0	0	(83,958)	(219,462)
Net, National Forest Fund	224,937	212,241	298,036	214,078	78,574
Subtotal, Payments to States	235,700	227,618	309,706	225,748	84,890
TOTAL, PERMANENT APPROPRIATIONS	393,634	379,657	462,429	369,652	220,287
COOPERATIVE WORK, FOREST SERVICE (Trust Fund):					
Cooperative Work, KV:					
KV Reforestation	70,764	70,128	93,044	93,400	91,494
KV Timber Stand Improvement	19,326	19,584	30,203	30,313	28,091
KV Other	104,657	31,092	36,287	36,287	35,546
Subtotal, Cooperative Work, KV	194,747	120,804	159,534	160,000	155,131
Cooperative Work, Other	39,878	34,287	45,444	42,600	42,485
Expenses, Road Maintenance Deposits (O&C)	0	0	0	0	0
TOTAL, COOPERTIVE WORK, FOREST SERVICE	234,625	155,091	204,978	202,600	197,616
REFORESTATION TRUST FUND	37,405	0 --3/	0	0	30,000
TOTAL, REGULAR FOREST SERVICE	2,268,483	2,051,548	2,371,751	2,058,788	1,734,897

--3/ $30,000,000 was merged with the National Forest System appropriation

4. Question: Would you provide for the record a list by appropriations account of any anticipated fiscal year 1987 requests for supplemental appropriations?

Answer: The Forest Service is anticipating submitting a 1987 supplemental for the National Forest System appropriation for the costs of fighting forest fires in 1986. The amount is unknown.

5. Question: Would you provide for the record a list of any assumptions in the President's proposed budget that require legislation? In each case would you:

- Provide a detailed statement of purposes.
- Provide the proposed language (if available) or indicate if, or when, the Administration intends to transmit such language.
- Indicate whether, in the Administration's judgment, such legislation would be sought from the Energy and Natural Resources Committee or as rider on an appropriations act.

Answer:

PAYMENTS TO STATES--NET RECEIPTS

The President's budget includes a proposal to convert from sharing gross receipts to sharing net receipts after expenses. Purchaser credit earned and allowed and Knutson-Vandenberg receipts would not be shared with the States.

The proposed legislation would allow the Federal government to deduct from National Forest and National Grassland receipts (except those from recreation and grazing), those program costs which are necessary to realize and to continue those receipts. The share of receipts paid to State or county governments (25 percent) would remain unchanged and would be calculated after costs are deducted.

Proposed legislation is being developed. We expect to submit the legislation for congressional consideration in late March or early April and we anticipate that it would be referred to the Committee on Energy and Natural Resources, rather than the Appropriations Committee.

RECREATION USER FEES

During the past several years, there has been considerable discussion about increasing National Forest System recreation user fees to help close the gap between Forest Service costs of providing recreation opportunities to the public and the current amount of fees collected from recreation users. New legislation would be necessary to materially increase revenues.

The primary authorization for collection of recreation fees on the National Forest System is the Land and Water Conservation Fund Act of 1965, as amended. Under this act, the Forest Service collects recreation user fees for campsites which meet specified standards, for boat launching sites with mechanized boat lifts, and for other specialized recreation sites, facilities, equipment, and services. Admission fees are not charged for entrance to any National Forest areas.

Recreation revenues also come from recreation special uses such as ski areas and recreation residences. These are collected under the Organic Act of 1897 and Occupancy Permits Act of 1915.

The FY 1987 Forest Service recreation budget requires that $52 million from recreation receipts be used for National Forest recreation management. For FY 1987 only, we propose that these funds would come from the Land and Water Conservation Fund from previously collected and deposited recreation receipts. Legislation would be necessary for this to occur. Also, to meet the increased collections necessary to support the Forest Service recreation program in FY 1988, additional recreation fee authorities would be necessary for collections to occur in FY 1987.

Our proposal would authorize the Secretary of Agriculture to charge recreation use fees for certain outdoor recreation sites, facilities or services provided in the National Forest System through an amendment to section 4(b) in the Land and Water Conservation Fund Act of 1965, as amended, to provide authority to charge use fees at additional sites and areas and for more services.

The proposed legislation would return all collected recreation revenues to a special fund for use by the Forest Service in providing outdoor recreation. No change in recreation special use authorities is anticipated except that these receipts would also be returned to the special fund.

The proposed legislation will be transmitted to the President of the Senate in early Spring. We anticipate that this administration proposal would be referred to the Committee on Energy and Natural Resources, rather than through an Appropriations Committee.

FOREST SERVICE/BUREAU OF LAND MANAGEMENT INTERCHANGE

A legislative proposal to authorize an interchange of 25 million acres between the Forest Service and the Bureau of Land Management has been submitted to Congress. The budget proposes $5 million to implement this interchange. The legislation proposes that 15 million acres be moved from the Bureau of Land Management to the Forest Service, and 10 million acres be moved from the Forest Service to the Bureau of Land Management. This is a refinement of the interchange proposal discussed one year ago, based on public comment, discussions with members of Congress, and more thorough analysis.

The interchange will consolidate offices, improve services to the public, and enable more efficient and effective land management. It will enable the two agencies together to reduce staffing by about 370 positions.

We expect that the interchange will cost the Forest Service about $14.4 million to implement over a 3 year period, but result in estimated savings of $8.4 million per year once it is fully implemented.

The proposed legislation was transmitted to the President of the Senate on February 18, 1986, and referred to the Committee on Energy and Natural Resources. A copy of the proposed legislation follows.

A BILL

To enhance effective administration of certain
Federal lands and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Lands Administration Act of 1986."

TITLE I - PURPOSES, DEFINITIONS AND MAPS

Purposes

SEC. 101. The purposes of this Act are to --

(a) improve service to the public in the administration of certain federally owned lands;

(b) increase efficiency in the management of federally owned natural resources and increase cost effectiveness by consolidating land jurisdiction and administration in the agency with the predominant presence in an area; and

(c) consolidate the management of the surface and subsurface resources in the agency responsible for the surface.

Definitions

SEC. 102. Without altering in any way the meaning of the following terms as used in any other statute, whether or not such statute is referred to in or amended by this Act, as used in this Act --

(a) the term "Secretaries" means the Secretary of the Interior and the Secretary of Agriculture;

(b) the acronym "FLPMA" means the Federal Land Policy and Management Act of 1976, as amended (90 Stat. 2743, 43 U.S.C. §§ 1701, *et seq.*);

(c) the terms "land" or "lands" includes surface, subsurface, water, minerals, and interests therein;

(d) the term "public lands" has the same meaning as defined in section 103(e) of FLPMA (43 U.S.C. § 1702(e));

(e) the term "newly established public lands" means lands or interests in lands which were formerly in the National Forest System and by this Act become public lands;

(f) the term "National Forest System" has the same meaning as defined in section 11 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended (88 Stat. 480, 16 U.S.C. § 1609(a));

(g) the term "newly established national forest lands" means lands or interests in lands which were formerly public lands and by this Act become national forest lands and a part of the National Forest System;

(h) the term "withdrawal" has the same meaning as defined in section 103(j) of FLPMA (90 Stat. 2746, 43 U.S.C. § 1702(j));

(i) the term "person" includes an individual, partnership, corporation, association, public or private organization, Indian Tribe or State or political subdivision thereof;

(j) the term "date of transfer" means the date of the beginning of the first pay period of the Bureau of Land Management and Forest Service following one hundred and eighty (180) days after the date of enactment of this Act; and

(k) the term "O&C Lands" means the Oregon and California Railroad and Coos Bay Wagon Road Grant lands which are subject to the Act of August 28, 1937 (50 Stat. 874, as amended), and the Act of May 24, 1939 (53 Stat. 753).

SEC. 103. Incorporated by reference into this Act are a series of maps entitled "Interagency Land Transfers -- February 1986" (hereafter "maps") which delineate the areas of lands for which administration is transferred by this Act. The maps shall be on file and available for public inspection in the offices of the Chief, Forest Service, Department of Agriculture, and the

Director, Bureau of Land Management, Department of the Interior. Changes may be made to the maps to correct technical errors.

TITLE II - TRANSFER OF LANDS TO THE FOREST SERVICE

SEC. 201. Effective on the date of transfer, jurisdiction over public lands designated on the maps for management by the Forest Service is transferred to the Secretary of Agriculture, and the lands are withheld and reserved as national forests and shall be administered in accordance with this Act and the laws, rules and regulations applicable to the national forests.

Modifications of National Forest System Unit Boundaries

SEC. 202 (a) The Secretary of Agriculture is authorized to establish, extend or otherwise modify the boundaries of units of the National Forest System in order to facilitate planning, management or administration. Any boundary modifications shall become effective ninety days following publication of notice of such modifications in the Federal Register and notification of the appropriate committees of Congress. Exercise of this authority shall not affect valid existing rights.

(b) For the purpose of section 7 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. § 460l-9), the boundaries of newly established national forest lands, and the boundaries of National Forest System lands as they may be modified pursuant to subsection (a) of this section or section 403 of this Act shall be treated as if they were boundaries in existence as of January 1, 1965.

National Forest Planning

SEC. 203. Until such time as plans are specifically developed for newly established national forest lands in accordance with the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 476, as amended; 16 U.S.C. § 1601), such lands shall continue to be managed in accordance with plans in effect on the date of transfer. Newly established national forest lands shall be managed under land management plans developed pursuant to section 6(f)(5) of the aforementioned Act when appropriate plans are revised. If no plans are in effect on the date of transfer, the lands shall be managed in a manner consistent with other National Forest System lands in the vicinity until a plan is developed under applicable provisions of law. Nothing in this or any other Act shall require the amendment or revision of the plans governing newly established national forest lands or of the plans relating to national forests affected by the addition or deletion of lands transferred by this Act.

Wilderness Review

SEC. 204. (a) For roadless areas of newly established national forest lands, the Secretary of Agriculture shall:

(1) adopt all recommendations of the Secretary of the Interior with regard to wilderness suitability of lands reviewed for

wilderness by the Bureau of Land Management prior to the date of transfer pursuant to sections 202 and 603 of FLPMA; and

(2) undertake or complete wilderness consideration utilizing the wilderness review standards applicable to other national forest lands for wilderness study areas for which there are no recommendations of the Secretary of the Interior in effect on the date of transfer.

(b) Subject to valid existing rights, any roadless areas of newly established national forests lands which were in wilderness study areas identified by the Secretary of the Interior pursuant to section 603 of FLPMA shall be managed by the Secretary of Agriculture in accordance with the provisions of section 603(c) of FLPMA until either (1) Congress designates the areas as wilderness, or (2) Congress releases the areas from wilderness consideration.

(c) Subject to valid existing rights, any roadless areas of newly established national forest lands recommended for wilderness by the Secretary of the Interior pursuant to section 202 of FLPMA or any roadless area identified for wilderness study under section 202 of FLPMA and recommended for wilderness by the Secretary of Agriculture pursuant to subsection (a)(2) of this section shall be managed in a manner so as to maintain their presently existing wilderness characteristics and potential for inclusion in the National Wilderness Preservation System until the areas are designated as wilderness or released from wilderness consideration: Provided, That the Secretary of Agriculture may authorize the continuation of types of existing uses insofar as such uses would not disqualify the area for designation as wilderness.

(d) Any roadless areas of newly established national forest lands which have been considered but not recommended for wilderness pursuant to section 202 of FLPMA or subsection (a)(2) of this section, except as provided in subsection (b) of this section, shall be deemed to have been adequately considered for wilderness for the purposes of the initial land management plans hereafter required for such lands by section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, and the Secretary of Agriculture shall not be required to manage the land to preserve wilderness values or to review the wilderness option prior to the revision of the plans, but shall review the wilderness option when the plans are revised.

(e) A recommendation of the President for designation as wilderness shall become effective only if so provided by an Act of Congress.

Land Entry Provisions

SEC. 205. The following Acts pertaining to entry and disposal of the public lands are amended as follows:

(a) the Act of March 3, 1877 (19 Stat. 377, as amended; 43 U.S.C. § 321), pertaining to desert land entries, is amended as follows:

(1) in section 1, delete in the first sentence the words "Secretary of the Interior of" and insert in lieu thereof the words "appropriate Secretary for";

(2) in section 3, delete the period at the end of the sentence and insert a colon and the following proviso:

> Provided, That the Secretary of the Interior shall exercise the authorities under this Act with respect to public lands, and the Secretary of Agriculture shall exercise the authorities with respect to newly established national forest lands designated pursuant to the Federal Lands Administration Act of 1986:
> Provided however, That the Secretary of the Interior shall issue all patents to such desert lands on his own initiative with respect to public lands or at the request of the Secretary of Agriculture with respect to newly established national forest lands.

(b) Section 4 of the Act of August 18, 1894 (28 Stat. 422, as amended; 43 U.S.C. § 641) pertaining to grants of desert lands to States for reclamation, commonly known as the Carey Act, is further amended by adding the following unnumbered paragraph at the end thereof:

> Newly established national forest lands designated by the Federal Lands Administration Act of 1986 shall remain available to the States for the purposes set forth in this Act:

Provided, That the Secretary of Agriculture shall exercise the authorities of this Act with respect to grants of desert lands to States on such forest lands: Provided further, That patents shall be issued only by Secretary of the Interior at the request of the Secretary of Agriculture.

(c) The Act of February 28, 1891, which amended Revised Statutes § 2276 (26 Stat. 796, as amended; 43 U.S.C. § 852), pertaining to indemnity selections by the States, is amended as follows:

(1) in the first sentence of section 2(a), insert after the words "unsurveyed public lands" a comma followed by the words "or from newly established national forest lands designated pursuant to the Federal Lands Administration Act of 1986,"; and

(2) insert at the end of subsection 2(a) the following new numbered paragraph:

> (6) With regard to lands which are designated as newly established national forest lands pursuant to the Federal Lands Administration Act of 1986, the Secretary of Agriculture shall administer the provisions of this Act except that patents shall be issued only by the Secretary of the Interior at the request of the Secretary of Agriculture.

(d) The Recreation and Public Purposes Act of June 14, 1926 (44 Stat. 741, as amended; 43 U.S.C. § 869) is amended by adding a new section 7 at the end thereof:

> SEC. 7. Notwithstanding the provisions of section 1 of this Act, the Secretary of Agriculture shall exercise the authorities granted herein to the Secretary of the Interior to dispose of newly established national forest lands designated pursuant to the Federal Lands Administration Act of 1986, except that patents shall be issued only by the Secretary of the Interior at the request of the Secretary of Agriculture.

(e) The Act of December 22, 1928 (45 Stat. 1069, as amended; 43 U.S.C. § 1068), commonly referred to as the Color of Title Act, is amended as follows:

(1) delete the words "of the Interior" wherever used;

(2) delete the words "public land" wherever used and substitute in lieu thereof the words "Federal land";

(3) in section 1, delete the word "issue" the first time used and substitute in lieu thereof the words "cause to be issued by the Secretary of the Interior"; and

(4) add a new section 4 as follows:

> SEC 4. For the purposes of this Act, (a) the word "Secretary" shall mean the Secretary of the Interior where public lands are involved, and the Secretary of Agriculture where National Forest System lands are involved, and (b) the words "Federal land" shall mean lands which are public lands as defined by section 103(e) of the Federal Land Policy and Management Act of 1976 (43 U.S.C. § 1702(e)), and lands which are part of the National Forest System as defined in section 11(a) of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended (16 U.S.C. § 1609(a)).

(f) Notwithstanding any provision of this Act, nothing herein shall be deemed to affect the powers and responsibilities of the Secretary of the Interior pursuant to the Grand Ronde Restoration Act (97 Stat. 1064) except that Federal real property in Oregon to be transferred for the benefit of the tribe pursuant to any reservation plan may be from newly established national forest lands in addition to other available public lands which were otherwise eligible for transfer prior to the date of transfer.

Land Sales

SEC. 206. Areas of newly established national forest lands identified by the Secretary of the Interior on or before the date of transfer as suitable for sale under the provisions of section 203 of FLPMA or identified as suitable for sale after the date of transfer through land management planning may be sold by the Secretary of Agriculture in accordance with the procedures of said section 203: Provided, That patents shall be issued only by the Secretary of the Interior at the request of the Secretary of Agriculture.

Amendments to FLPMA

SEC. 207. (a) Section 103(g) of FLPMA is amended to add a new sentence at the end thereof: "For purposes of sections 204, 209, and 211 the term 'Secretary' shall mean the Secretary of the Interior where public lands are involved, and the Secretary of Agriculture where National Forest System lands are involved."

(b) Section 204 of FLPMA is amended by adding a new subsection at the end thereof:

> (m) Upon request of the Secretary of Agriculture where National Forest System lands are involved, and with the concurrence of any other affected agency, the Secretary of the Interior shall make, modify or revoke any withdrawal transferring lands from one Federal agency to another: Provided, That nothing herein shall affect the authorities of the Secretary of Agriculture with respect to interchanges of lands with the Secretary of a military department pursuant to the Act of July 26, 1956 (70 Stat. 656; 16 U.S.C. § 505a, b).

TITLE III - TRANSFER OF LANDS TO THE BUREAU OF LAND MANAGEMENT

SEC. 301. Effective on the date of transfer, jurisdiction over National Forest System lands within areas indicated on the maps for management by the Bureau of Land Management is transferred to the Secretary of the Interior to be administered in accordance with this Act and the laws, rules and regulations applicable to the public lands, except that the areas are withdrawn from any sale or disposal under the public land laws or other authority unless such law or authority otherwise applied to the areas prior to the date of transfer.

SEC. 302. (a) All contiguous areas of newly established public lands of 10,000 acres or more which had a specific name identification prior to enactment of this Act are hereby designated as conservation areas. Such lands shall remain unavailable for disposal under the public land laws, unless otherwise provided in this Act. The Secretary of the Interior shall assign an appropriate definitive name to each such conservation area which will recognize the location of the conservation area or its specific significance or characteristics, and may modify or adjust their boundaries.

(b) Section 522(e)(2)(B) of the Surface Mining Control and Reclamation Act of 1977 (91 Stat. 445; 30 U.S.C. § 1272(e)(2)(B)) is amended by deleting the words after the "And provided further," and inserting in lieu of such deletions the words: "That no surface coal mining operations may be permitted on public lands which were formerly within the boundaries of the Custer National Forest as such boundaries existed on August 3, 1977."

(c) Title III of the Bankhead-Jones Farm Tenant Act (50 Stat. 522, as amended; 7 U.S.C. §§ 1010-1012), is further amended as follows:

(1) in section 31, after the word "Secretary" insert the phrase "and the Secretary of the Interior for lands acquired under this Act and transferred to the Department of the Interior for administration as public lands";

(2) in section 32, after the phrase "Secretary is authorized" insert the phrase "and the Secretary of the Interior for lands acquired under this Act and transferred to the Department of the Interior for administration as public lands is authorized pursuant to subsections (b), (c), (d) and (f) of this section";

(3) in subsections 32(c), (d) and (f) wherever the words "Secretary" or "Secretary of Agriculture" appear, insert the phrase "or the Secretary of the Interior as to lands such Secretary administers pursuant to this Act"; and

(4) in subsection 32(e), add a new unnumbered paragraph at the end thereof to read: "The provisions of this subsection shall not be exercised by the Secretary of the Interior."

(5) In section 33, delete the words "calendar year" and insert in lieu thereof the words "fiscal year", and after the word "Secretary" insert the phrase "or the Secretary of the Interior as to lands said Secretary administers pursuant to this Act".

Land Management Plans

SEC. 303. (a) Until such time as plans are specifically developed for newly established public lands in accordance with FLPMA, such lands shall continue to be managed under plans in effect on the date of transfer. If no plans are in effect on the date of transfer, the lands shall be managed in accordance with applicable existing regulations of the Secretary of the Interior or with other procedures adopted by the Secretary of the Interior for this purpose until a plan is developed under applicable provisions of law.

(b) Nothing in this Act shall be deemed to require amendment or revision of the plans in effect on the date of enactment of this Act governing newly established public lands.

Wilderness Review

SEC. 304. (a) For roadless areas of newly established public lands, the Secretary of the Interior shall:

(1) adopt all recommendations for wilderness or additional study with regard to lands reviewed by the Secretary of Agriculture pursuant to section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended; and

(2) complete wilderness consideration for inventoried roadless areas which have not been released from consideration through the

process prescribed by section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (88 Stat. 476, as amended; 16 U.S.C. § 1601) or by an Act of Congress, and for which there were no recommendations by the Secretary of Agriculture in effect on the date of transfer. After review utilizing the procedures specified in section 3(d) of the Wilderness Act of 1964 (16 U.S.C. § 1132(d)), those areas found suitable for wilderness designation under the criteria of section 2(c) of that Act (16 U.S.C. § 1131(c)) shall be protected for their wilderness characteristics until Congress acts on recommendations for wilderness designation.

(b) Subject to valid existing rights, any roadless areas of newly established public land recommended by the Secretary of Agriculture for wilderness, or remaining areas required by Act of Congress to be studied for wilderness pending congressional designation or release, shall be managed by the Secretary of the Interior in accordance with the provisions of section 603(c) of FLPMA, or other specific statutory direction.

(c) Lands not recommended for wilderness or additional study as a result of the process prescribed by section 6 of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, the process prescribed in subsection (a)(2) of this section, or that have been released by Act of Congress for any specified period shall be deemed to have been adequately considered for their suitability for inclusion in the National Wilderness Preservation System and the Secretary of the Interior shall not be required to review such lands for their wilderness characteristics and suitability except as required in the planning process developed pursuant to section 202 of FLPMA, or in accordance with the requirements of any law that released said lands from wilderness consideration.

(d) A recommendation of the President for designation as wilderness shall become effective only if so provided by an Act of Congress.

Small Tracts

SEC. 305. The Act of January 12, 1983 (96 Stat. 2535; 16 U.S.C. § 521c-521i) is amended as follows:

(a) in section 1, delete the period and insert in lieu thereof a comma followed by "where National Forest System lands are involved, or the Secretary of the Interior of the United States where public lands are involved.";

(b) in the first sentence of section 2, clause (1), delete the words "National Forest System lands" and insert in lieu thereof the words "Federal lands under his jurisdiction";

(c) in the second sentence of section 2, delete the words "National Forest System" and insert in lieu thereof the words "Federal lands", and delete the words "lands within the System" and insert in lieu thereof the words "Federal lands";

(d) in the third sentence of section 2, insert after the word "Secretary" the words "of Agriculture"; and

(e) in section 3, delete the words "National Forest System" and insert in lieu thereof the words "Federal lands".

SEC. 306. The Secretary of the Interior may require the purchasers of timber from the public lands to make deposits of money in connection with the payments for the timber, to cover the costs to the United States of any or all of the following activities: (1) disposing of brush and other debris resulting from cutting operations; (2) planting (including the production or purchase of young trees); (3) sowing with tree seeds (including the collection or purchase of such seeds); (4) cutting, destroying, or otherwise removing undesirable trees or other growth on the public lands cut over by the purchaser, in order to improve the future stand of timber; or (5) protecting and improving the future productivity of the renewable resources of the lands on sale areas, including the sale area improvement operation, maintenance and construction, reforestation and wildlife habitat management. Such deposits shall be covered into a separate fund in the Treasury. There is authorized to be appropriated from such fund, to remain available until expended, such sums as may be necessary to cover the costs of the activities specified in this section.

TITLE IV - GENERAL PROVISIONS

Public Notice

SEC. 401. (a) The Secretaries shall publish notice in the Federal Register when the transfer of the lands pursuant to sections 201 and 301 of this Act has been appropriately noted in the official land status records maintained in the appropriate offices of the Bureau of Land Management.

(b) The Secretary of the Interior, in consultation with the Secretary of Agriculture, is authorized to correct errors in the notations on the land status records made in accordance with subsection (a) of this section. Such corrections shall be published in the Federal Register and shall have the same force and effect as if enacted in this Act.

National Systems

SEC. 402. Notwithstanding any other provision of law, components of the National Wilderness Preservation System, National Wild and Scenic Rivers System, and the National Trails System shall continue to be administered under the laws applicable to those areas except that such areas shall be administered by the Secretary to whom administration of the lands has been transferred by this Act.

Interagency Transfer Authority

SEC. 403. The Secretary of Agriculture with respect to National Forest System lands and the Secretary of the Interior with respect to the public lands are authorized to transfer jurisdiction over contiguous areas of land not exceeding 2,500 acres in size, without reimbursement or transfer of funds, whenever they determine that such transfer will facilitate land management. Such transfer shall be effective 90 days after publication of notification in the Federal Register with an opportunity for public comment, and notification of the appropriate committees of Congress. Upon transfer, lands shall be managed by the Forest Service or Bureau of Land Management, as appropriate, and shall be subject to this Act and the laws, rules and regulations administered by the Secretary to whom jurisdiction has been transferred. A change of jurisdiction under this provision shall not affect valid existing rights or authorizations.

Existing Rights and Authorizations

SEC. 404. (a) Nothing in this Act shall affect valid existing rights under any authority of law as of the date of enactment of this Act.

(b) Authorizations to use lands transferred by this Act which were issued prior to the date of transfer shall remain subject to the laws and regulations under which they were issued: Provided, That such laws and regulations will be exercised by the Secretary to whom jurisdiction over affected lands has been transferred. However, renewals and extensions shall be subject to the laws and regulations pertaining to the agency which has jurisdiction of the land at the time of renewal or extension. The change of administrative jurisdiction resulting from the enactment of this Act shall not in itself constitute a basis for denying the renewal or reissuance of any such authorization.

Water Rights

SEC. 405. With regard to lands transferred by or under authority of this Act, any existing water rights of the United States under State or

Federal law which the United States had or may be determined to have had by purchase, reservation, or otherwise prior to the date of enactment of this Act shall not be expanded or diminished: Provided, That the designation and withdrawal of newly established national forest lands under authority of this Act shall not create any additional reserved water rights in the United States as to those lands: Provided further, That nothing in this Act shall otherwise affect the right of the United States or of any person to acquire or dispose of water or water rights under applicable law.

Withdrawals

SEC. 406. Except as specifically provided for in this Act, nothing herein shall affect any withdrawal in effect as of the date of transfer.

Claims

SEC. 407. Nothing in this Act shall affect any claim by or against the United States, nor shall this Act create any right, claim, remedy or cause of action which did not exist prior to enactment of this Act.

Disbursement of Receipts

SEC. 408. (a) After the date of transfer, all monies from newly established national forest lands or newly established public lands shall be credited to the appropriate accounts in the Treasury of the United States applicable to the status of such lands after the effective date of transfer.

(b) For lands transferred pursuant to this Act, all monies received prior to the date of transfer shall be distributed by the collecting agency in accordance with the laws relating to those lands at the time of collection.

(c) Section 10 of the Act of June 28, 1934, as amended (48 Stat. 1273, 43 U.S.C. § 315i) is amended to delete in subsection (a) "12½ per centum" and to insert in its place "25 per centum", and to delete in subsection (b) "50 per centum" and to insert in its place "25 per centum".

(d) Section 3 of the Act of July 31, 1947, as amended (61 Stat. 681, 30 U.S.C. § 603) is further amended to delete the period at the end of the paragraph and to add the following "and except that moneys received from the sale of timber on the public lands shall be distributed 25 per centum to the State in which the timber producing such moneys received is situated, to be expended as the State legislature of such State may prescribe for the benefit of the county or counties in which the timber producing such moneys received is situated: Provided, That if the timber is situated in more than one State or county, the distributive share to each from the proceeds shall be proportional to its area compared to the total area entitled to share in the moneys received, and 75 per centum to the special fund in the Treasury known as the 'reclamation fund'."

Administrative Appeals

SEC. 409. (a) Any formal administrative appeal, adjudication or review pending on the date of transfer shall be completed by the agency in which it is pending: Provided, That the Secretary to whom jurisdiction over the lands involved is transferred by this Act may exercise final administrative review.

(b) To provide for uniform application of the mining and mineral leasing laws or to promote efficiency in the administration of such laws, the Secretaries shall establish joint mechanisms and procedures for administrative adjudications or reviews upon such terms and conditions as the Secretaries may prescribe through regulations or interdepartmental agreements.

Regulations

SEC. 410. (a) The Secretary charged with administration of a tract of land transferred by this Act may, by publication of notice in the Federal Register, adopt in whole or part any regulation of either the Secretary of Agriculture or Secretary of the Interior applicable to such transferred land that was in effect as of the date of transfer without complying with the provisions of the Administrative Procedure Act (5 U.S.C. § 553) or other requirements for the issuance of new regulations. Any adoption of regulations pursuant to this section shall not be deemed a major federal action significantly affecting the quality of the human environment for purposes of compliance with the National Environmental Policy Act (42 U.S.C. § 4321).

(b) The Secretaries are authorized to promulgate such joint or separate regulations as either or both deem necessary or desirable to implement the provisions of this Act.

SEC. 411. Nothing in this Act shall affect the existing authorities of the Secretary of the Interior to maintain and administer the official land title records of the United States.

TITLE V - MINERAL RESOURCES

SEC. 501. The Congress declares that it is the policy of the United States that coordinated management by the Secretary of Agriculture of the renewable and the nonrenewable resources of lands within the National Forest System will benefit the public and promote the optimum combination of resource uses. In addition, Congress finds that certain efficiencies and improved public services will result from the Secretary of Agriculture managing such federally owned subsurface resources in areas where the Secretary has been given management responsibility by this Act.

SEC. 502. The Multiple-Use Sustained-Yield Act of 1960 (74 Stat. 215, as amended; 16 U.S.C. §§ 528-531) is amended as follows:

(a) in section 1, insert after the comma following the word "timber", the word "minerals,".

(b) in section 2, delete the first sentence and substitute in lieu thereof, "The Secretary of Agriculture is authorized and directed to develop and administer for multiple uses the renewable and nonrenewable resources of the National Forest System and, with regard to renewable resources, for sustained yield of the several products and services obtained therefrom."

(c) in section 4, subsection (a), delete the word "surface" and substitute in lieu thereof the words "and nonrenewable".

SEC. 503. For purposes of the Forest and Rangeland Renewable Resources Planning Act of 1974, as amended, the nonrenewable resources shall be given equal consideration with the renewable resources in compliance with the requirements of sections 3, 4, 6, and 8 of that Act.

SEC. 504. For any mining claim located on National Forest System lands pursuant to the mining laws of the United States, the Secretary of Agriculture is authorized to evaluate such claim and initiate and prosecute an appropriate administrative contest or other actions to obtain a determination regarding the validity of such claim. Only the Secretary of the Interior shall issue any patents for valid mining claims wherever located.

SEC. 505. For all National Forest System lands, there is hereby transferred to and vested in the Secretary of Agriculture all authorities heretofore exercised by the Secretary of the Interior contained in those statutes and all acts heretofore and hereafter enacted which are amendatory or supplementary thereto which authorize the leasing and administration of Federal leasable minerals, including:

(a) the Act of February 25, 1920, as amended (41 Stat. 437; 30 U.S.C. § 181), commonly known as the Mineral Lands Leasing Act of 1920;

(b) the Act of February 7, 1927 (44 Stat. 1057; 30 U.S.C. §§ 281-287);

(c) the Act of April 17, 1926 (44 Stat. 301; 30 U.S.C. §§ 271-276);

(d) the Mineral Leasing Act for Acquired Lands (61 Stat. 913; 30 U.S.C. §§ 351-359);

(e) section 402, Reorganization Plan No. 3 of 1946 (5 U.S.C. Appendix) which transferred functions of the Secretary of Agriculture relative to the leasing or other disposal of minerals to the Secretary of the Interior, and as supplemented by section 3 of the Act of June 28, 1952 (66 Stat. 285);

(f) section 3 of the Act of September 1, 1949 (30 U.S.C. § 192c) which authorized the issuance of mineral leases or permits for the exploration, development and utilization of minerals, other than those covered by the Mineral Leasing Act of Acquired Lands, in certain lands added to the Shasta National Forest by the Act of March 19, 1948 (62 Stat. 83);

(g) the Act of June 30, 1950 (16 U.S.C. § 508(b)) which authorized leasing of the hardrock minerals on national forest lands in Minnesota;

(h) the Act approved June 8, 1926 (44 Stat. 710; 30 U.S.C. §§ 291-293).

(i) the Act of June 28, 1944 (58 Stat. 483-485);

(j) the Act of March 3, 1933 (47 Stat. 1487);

(k) the Geothermal Steam Act of 1970 (84 Stat. 1566; 30 U.S.C. §§ 1001-1025);

(l) acts where the Congress authorized mineral leasing, including the leasing of nonleasable minerals in the manner prescribed by section 10 of the Act of August 4, 1939 (43 U.S.C. § 387) in the following national recreation areas:

(1) Whiskeytown Unit of the Whiskeytown-Shasta-Trinity National Recreation Area, the Act of November 8, 1965 16 U.S.C. § 460q-5);

(2) Ross Lake and Lake Chelan National Recreation Areas, the Act of October 2, 1968 (16 U.S.C. §§ 90c-1(b));

(m) the Act of May 21, 1930 (30 U.S.C. §§ 301-306) pertaining to oil and gas deposits underlying certain rights of way;

(n) subsections 522(b) and (e)(2) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. §§ 1272(b), (e)(2)); and

(o) the Federal Oil and Gas Royalty Management Act of 1982 (30 U.S.C. §§ 1701, et seq.).

SEC. 506. Subsection (c)(2) of section 28 of the Mineral Leasing Act of 1920 (30 U.S.C. § 185) is further amended as follows:

(a) Delete the first sentence of said subsection 28(c)(2) and insert in lieu thereof, "Where the surface of Federal lands involved is administered by the Secretary of Agriculture and by a Federal agency other than an agency of the Department of the Interior, then the Secretary of Agriculture is authorized after consultation with the agencies involved, to grant or renew rights of way or permits through the Federal lands involved. In all other cases where the surface of the Federal lands involved is administered by the Secretary of the Interior and another agency, then the Secretary of the Interior is authorized, after consultation with the agencies involved, to grant or renew rights of way or permits through the Federal lands involved."

(b) In the second sentence of said subsection 28(c)(2), insert the word "appropriate" before the word "Secretary."

SEC. 507. The Act of June 11, 1960 (74 Stat. 205) is amended by deleting subsections 2(a) and 2(c).

TITLE VI - TRANSFER OF O&C LANDS

SEC. 601. Incorporated by reference into this Act is a map entitled "Forest Service-Bureau of Land Management Transfer of Oregon and California Grant Lands (February, 1986)" which is on file and available for public inspection in the offices of the Chief, Forest Service, and the Director, Bureau of Land Management, and such regional or field offices as the Chief or Director may designate: Provided, that changes may be made to the map to correct technical errors.

SEC. 602. Effective on the date of transfer, jurisdiction over O&C Lands which are designated on the map referenced in section 601 for transfer to the Forest Service is transferred and the lands shall be administered by the Secretary of Agriculture in accordance with the laws, rules and regulations pertaining to national forests.

SEC. 603. Effective on the date of transfer, jurisdiction over national forest lands which are designated on the map referenced in section 601 for transfer to the Bureau of Land Management is transferred and the lands shall be administered by the Secretary of the Interior as O&C Lands in accordance with the Act of August 28, 1937, as amended (50 Stat. 874), and the Act of May 24, 1939 (53 Stat. 753).

SEC. 604. The provisions of Title IV of this Act shall apply to lands transferred by Title VI of this Act with the exception of sections 403 and 408 which shall not apply.

TITLE VII - SEVERABILITY

SEC. 701. If any provision of this Act or the application thereof is held invalid, the remainder of the Act and the application thereof shall not be affected thereby.

GRAMM-RUDMAN-HOLLINGS ACT ISSUES

In the case of Federal programs and activities which receive off-setting fees, collections, etc., implementation of the Gramm-Rudman-Hollings Act would sequester budgetary resources on the basis of gross, rather than net, budgetary resources. Would you provide for the record:

6. Question: A list of those programs or activities within the Forest Service that receive such off-setting fees, collections, etc. (whether directly or subject to appropriations).

   A description of such program or activity, including a description of whether such fees, collections, etc., are for services provided for others (either Federal agencies or others).

   An analysis of whether the sequester of such budgetary resources may inhibit the provision of such services provided for others.

   Answer: Forest Service programs with off-setting collections are: Forest Research, State and Private Forestry, National Forest System, Construction, the Working Capital Fund, and Permanent Appropriations (working funds).

   Please reference the 1987 budget appendix (attached) for a description of the Forest Service programs. The Program and Financing Schedules, also in the appendix, provide a split of the offsetting collections between federal and other.

   There is no effect contemplated by the Forest Service since the 1986 sequester is against the budget authority which is net of the reimbursable program. Please reference the Program and Financing Schedules in the 1987 budget appendix.

ATTACHMENT FOR QUESTION 6b.

General and special funds—Continued

SALARIES AND EXPENSES—Continued

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Enacted/requested			
Budget authority	4,675	4,685	3,698
Outlays	4,323	4,685	3,698
Reduction pursuant to P.L. 99-177			
Budget authority		−201	
Outlays		−116	−85
Proposed for later transmittal under proposed legislation			
Budget authority			−3,658
Outlays			−3,698
Total			
Budget authority	4,675	4,484	
Outlays	4,323	4,569	−85

The Agricultural Cooperative Service performs research and provides technical assistance and advice to farmer cooperatives.

The agency's research program includes studies of economic, financial, organizational, managerial, legal, social, and policy related issues that affect cooperatives. Data on membership, business volume, and financial condition are collected to detect changes in the structure, operation, and growth trends of cooperatives.

Technical assistance is provided in response to requests from cooperative boards of directors or steering committees. Such assistance includes feasibility analyses, merger and other organizational studies, strategic assessment and planning, and review of operations.

Educational materials are prepared by ACS to promote the knowledge of cooperative principles and practices.

Object Classification (in thousands of dollars)

Identification code 12-3000-0-1-352		1985 actual	1986 est.	1987 est.
	Personnel compensation:			
11.1	Full-time permanent	2,412	2,469	2,469
11.3	Other than full-time permanent	36	37	37
11.5	Other personnel compensation	37		
11.9	Total personnel compensation	2,485	2,506	2,506
12.1	Personnel benefits: Civilian	276	278	278
21.0	Travel and transportation of persons	143	147	100
23.2	Rental payments to others	2	2	2
23.3	Communications, utilities, and miscellaneous charges	124	128	128
24.0	Printing and reproduction	127	127	100
25.0	Other services	1,170	1,332	474
26.0	Supplies and materials	[illegible]	65	50
31.0	Equipment	[illegible]	100	60
99.9	Total obligations	4,551	4,685	3,698

Personnel Summary

	1985 actual	1986 est.	1987 est.
Total number of full-time permanent positions	64	64	64
Total compensable workyears: Full-time equivalent employment	65	64	64

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

Identification code 12-3000-6-1-352		1985 actual	1986 est.	1987 est.
	Program by activities:			
10.00	Total obligations		−201	
	Financing:			
40.00	Budget authority (appropriation)		−201	
	Relation of obligations to outlays:			
71.00	Obligations incurred, net		−201	
72.40	Obligated balance, start of year			85
74.40	Obligated balance, end of year		85	
90.00	Outlays		−116	−85

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

SALARIES AND EXPENSES

(Proposed for later transmittal, proposed legislation)

Program and Financing (in thousands of dollars)

Identification code 12-3000-2-1-352		1985 actual	1986 est.	1987 est.
	Program by activities:			
10.00	Total obligations			
	Financing:			
14.00	Offsetting collections from: Non-Federal sources			−3,698
40.00	Budget authority (appropriation)			−3,698
	Relation of obligations to outlays:			
71.00	Obligations incurred, net			−3,698
90.00	Outlays			−3,698

Legislation will be proposed to finance this program on a user-charge basis.

FOREST SERVICE

Federal Funds

General and special funds:

FOREST RESEARCH

For necessary expenses of forest research as authorized by law, [$126,283,000, of which $6,840,000 shall remain available until expended for competitive research grants, as authorized by section 5 of Public Law 95-307] *$111,481,000, to remain available until expended. (16 U.S.C. 1601-10, 1641-47; Public Law 95-495; Department of the Interior and Related Agencies Appropriations Act, 1986, as included in Public Law 99-190.)*

Program and Financing (in thousands of dollars)

Identification code 12-1104-0-1-302		1985 actual	1986 est.	1987 est.
	Program by activities:			
	Direct program:			
00.01	Fire and atmospheric sciences research	8,074	8,063	7,546
00.02	Forest insect and disease research	20,441	21,093	20,178
00.03	Forest inventory and analysis	16,630	17,649	14,222
00.04	Renewable resources economics research	4,570	4,565	4,456
00.05	Timber management research	22,984	22,468	21,339
00.06	Watershed management and rehabilitation research	10,979	15,517	14,858
00.07	Wildlife, range and fish habitat research	9,132	9,480	9,291
00.08	Forest recreation research	2,027	2,141	2,077
00.09	Forest products and harvesting research	18,306	18,349	17,514
00.10	Competitive grants		6,799	
00.91	Total direct program	113,143	125,525	111,481
01.01	Reimbursable program	5,256	9,434	8,300 ✓
10.00	Total obligations	118,399	134,959	119,781

	Financing:			
	Offsetting collections from:			
11.00	Federal funds	−4,979	−8,938	−7,864
14.00	Non-Federal sources	−276	−496	−436
25.00	Unobligated balance lapsing	682		
39.00	**Budget authority**	113,826	125,525	111,481
	Budget authority:			
40.00	Appropriation	121,666	126,283	111,481
40.00	Reduction pursuant to P.L. 99-190		−758	
41.00	Transferred to other accounts	−7,840		
43.00	**Appropriation (adjusted)**	113,826	125,525	111,481
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	113,143	125,525	111,481
72.40	Obligated balance, start of year	21,274	21,348	23,894
74.40	Obligated balance, end of year	−21,348	−23,894	−20,922
90.00	Outlays	113,069	122,979	114,453

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Enacted/requested:			
Budget authority	113,826	125,525	111,481
Outlays	113,069	122,979	114,453
Reduction pursuant to P.L. 99-177:			
Budget authority		−5,398	
Outlays		−4,152	−1,267
Total:			
Budget authority	113,826	120,127	111,481
Outlays	113,069	118,827	113,186

Research is conducted and disseminated through eight regional forest experiment stations and the Forest Products Laboratory and includes both in-house and extramural programs.

Fire and atmospheric sciences research.—Research is conducted to develop improved methods to prevent and control wildfires; reduce loss of life, property, and forest resources; reduce wind and weather-related losses; and use fire to achieve forest and range objectives.

Forest insect and disease research.—Research is conducted to provide technology to optimize productivity, value, and land resource usefulness and to protect wood in use and in storage.

Forest inventory and analysis research.—Research is conducted to provide comprehensive, continuing information about forest land resources of the United States.

Renewable resources economics research.—Research is conducted to provide economic methodology and analyses for forest and rangeland activities and for related forest product distributed systems.

Timber management research.—Research is conducted to develop improved silvicultural alternatives and management guidelines to increase the productivity and multiple-use benefits of forest lands, maximize tree growth and quality, and maintain land productivity.

Watershed management and rehabilitation research.—Research is conducted to provide and test methods for protecting, managing, and improving forest and rangeland watersheds and to rehabilitate lands disturbed by mining.

Wildlife, range, and fish habitat research.—Research is conducted to maintain or improve wildlife and fish habitat; increase forage production; improve soil stability and vegetation cover; and integrate wildlife, fish, and livestock with other uses.

Forest recreation research.—Research is conducted to provide land managers with the technology for increasing and improving outdoor recreation experiences, and to develop knowledge to manage urban vegetation to obtain optimum benefits.

Forest products and harvesting research.—Research is conducted to provide technology to harvest and utilize timber more efficiently and in ways that are environmentally acceptable, to improve the performance of wood products, and to expand opportunities for wood products exports.

For 1987, forest research will be reduced by focusing on basic research thus allowing the private sector to concentrate on developmental and applied research. Competitive research grants will be terminated also

Object Classification (in thousands of dollars)

Identification code 12-1104-0-1-302		1985 actual	1986 est.	1987 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	65,011	65,430	62,673
11.3	Other than full-time permanent	5,045	5,076	4,854
11.5	Other personnel compensation	273	288	259
11.9	Total personnel compensation	70,329	70,794	67,746
12.1	Personnel benefits: Civilian	8,988	9,047	8,657
13.0	Benefits for former personnel	186	187	179
21.0	Travel and transportation of persons	3,785	4,411	3,960
22.0	Transportation of things	543	633	568
23.1	Standard level user charges	1,757	1,888	1,583
23.2	Rental payments to others	119	139	125
23.3	Communications, utilities, and miscellaneous charges	4,751	5,537	4,970
24.0	Printing and reproduction	1,016	1,184	1,053
25.0	Other services	12,719	14,824	13,308
26.0	Supplies and materials	3,168	3,692	3,314
31.0	Equipment	5,022	5,853	5,254
32.0	Lands and structures	75	87	78
41.0	Grants, subsidies, and contributions	679	7,242	670
42.0	Insurance claims and indemnities	6	7	6
99.0	Subtotal, direct obligations	113,143	125,525	111,481
99.0	Reimbursable obligations	5,256	9,434	8,300
99.9	Total obligations	118,399	134,959	119,781

Personnel Summary

Direct:			
Total number of full-time permanent positions	2,136	2,101	2,015
Total compensable workyears:			
Full-time equivalent employment	2,348	2,363	2,262
Full-time equivalent of overtime and holiday hours	10	10	9
Reimbursable:			
Total number of full-time permanent positions	28	28	27
Total compensable workyears:			
Full-time equivalent employment	53	53	51
Full-time equivalent of overtime and holiday hours	1	1	1

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

Identification code 12-1104-6-1-302		1985 actual	1986 est.	1987 est.
	Program by activities:			
10.00	Total obligations		−5,419	
	Financing:			
25.00	Reduction in new spending authority (offsetting collections)		21	
40.00	**Budget authority (appropriation)**		−5,398	

General and special funds—Continued

FOREST RESEARCH—Continued

Reduction Pursuant to Public Law 99-177—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 12-1104-6-1-307		1985 actual	1986 est.	1987 est.
	Relation of obligations to outlays:			
71.00	Obligations incurred, net		−5,398	
72.40	Obligated balance, start of year			−1,246
74.40	Obligated balance, end of year		1,246	
90.00	Outlays		−4,152	−1,246

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

STATE AND PRIVATE FORESTRY

For necessary expenses of cooperating with, and providing technical [and financial] assistance to States, Territories, possessions, and others, and for forest pest management activities, [$57,986,000] *$24,871,000*, to remain available [for obligation] until expended, to carry out activities authorized in Public Law 95-313: *Provided*, That a grant of [$3,000,000] *$2,800,000* shall be made to the State of Minnesota for the purposes authorized by section 6 of Public Law 95-495. *(16 U.S.C. 2101-2106, 2109-2111; Public Law 95-495; Department of the Interior and Related Agencies Appropriations Act, 1986, as included in Public Law 99-190.)*

Program and Financing (in thousands of dollars)

Identification code 12-1105-0-1-302		1985 actual	1986 est.	1987 est.
	Program by activities:			
	Direct program:			
00.01	Forest pest management	31,012	29,227	12,660
00.02	Fire protection	13,788	13,016	5,637
00.03	Forest management and utilization	11,296	10,665	4,618
00.04	Special projects	5,266	4,670	2,022
00.91	Total direct program	61,362	57,578	24,937
01.01	Reimbursable program	4,197	4,560	1,740
10.00	Total obligations	65,559	62,138	26,677
	Financing:			
	Offsetting collections from:			
11.00	Federal funds	−3,988	−4,332	−1,653
14.00	Non-Federal sources	−210	−228	−87
21.40	Unobligated balance available, start of year	−4,521	−1,506	−1,566
24.40	Unobligated balance available, end of year	1,506	1,566	1,500
25.00	Unobligated balance lapsing	−54		
39.00	Budget authority	58,292	57,638	24,871
	Budget authority:			
40.00	Appropriation	58,292	57,986	24,871
42.00	Reduction pursuant to P.L. 99-190		−348	
43.00	Appropriation (adjusted)	58,827	57,638	24,871
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	61,362	57,578	24,937
72.40	Obligated balance, start of year	15,642	19,521	19,338
74.40	Obligated balance, end of year	−19,521	−19,338	−14,142
90.00	Outlays	57,483	57,761	30,133

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Enacted/requested:			
Budget authority	58,292	57,638	24,871
Outlays	57,483	57,761	30,133
Reduction pursuant to P.L. 99-177:			
Budget authority		−2,478	
Outlays		−2,151	−337
Total:			
Budget authority	58,292	55,160	24,871
Outlays	57,483	55,610	29,796

Cooperative forestry assistance is provided to all the States, Puerto Rico, Virgin Islands, Guam, the Northern Mariana Islands and the Trust Territory of the Pacific to promote protection and management of forest lands.

Forest pest management.—Protects forest resources and processed wood from insects and diseases directly on National Forests and other Federal lands and in cooperation with States on non-Federal lands.

Fire protection.—Helps State forestry organizations to achieve fire protection efficiency through activities of national interest on non-Federal wildlands.

Forest management and utilization.—Improves management of non-industrial private forest resources; increases wood utilization; increases seedling production and nursery capacity of State tree nurseries; expands State tree improvement programs; and provides management and planning assistance.

Special projects.—Assistance will be provided to Minnesota for forestry impacts of the Boundary Waters Canoe Area Wilderness.

For 1987, financial assistance to the States will be terminated and limited technical assistance will be provided. State forestry programs have matured sufficiently to justify reduced Federal assistance.

MAIN WORKLOAD FACTORS

	1985 actual	1986 estimate	1987 estimate
Forest land management plans (thousand acres)	3,585	1,688	
Woodland owners assisted (thousands assisted)	134	91	
Improved utilization of wood (million cubic feet)	72	18	
Reforestation (thousand acres)	621	102	
Timber stand improvement (thousand acres)	294	36	

Object Classification (in thousands of dollars)

Identification code 12-1105-0-1-302		1985 actual	1986 est.	1987 est.
	FOREST SERVICE			
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	14,239	13,403	10,543
11.3	Other than full-time permanent	1,809	1,711	1,332
11.5	Other personnel compensation	545	512	404
11.8	Special personal service payments	8	7	6
11.9	Total personnel compensation	16,601	15,633	12,285
12.1	Personnel benefits: Civilian	2,150	2,075	1,591
13.0	Benefits for former personnel	79	74	59
21.0	Travel and transportation of persons	1,824	1,263	889
22.0	Transportation of things	255	177	123
23.1	Standard level user charges	1,096	1,178	988
23.2	Rental payments to others	45	31	22
23.3	Communications, utilities, and miscellaneous charges	813	563	392
24.0	Printing and reproduction	409	283	197
25.0	Other services	9,875	6,840	4,763
26.0	Supplies and materials	910	630	439

31.0	Equipment	684	474	330
32.0	Lands and structures	60	42	29
41.0	Grants, subsidies, and contributions	25,290	27,119	2,800
42.0	Insurance claims and indemnities	4	3	2
44.0	Refunds	78	54	38
99.0	Subtotal, direct obligations	60,173	56,389	24,937
99.0	Reimbursable obligations	4,197	4,560	1,740
	ALLOCATION TO THE DEPARTMENT OF INTERIOR			
41.0	Grants, subsidies, and contributions	1,189	1,189	
99.9	Total obligations	65,559	62,138	26,677
	Obligations are distributed as follows:			
	State and Private Forestry, Agriculture	64,370	60,945	26,677
	National Park Service, Interior	219	219	
	Bureau of Land Management, Interior	265	265	
	U.S. Fish and Wildlife Service, Interior	70	70	
	Bureau of Indian Affairs, Interior	635	635	

Personnel Summary

Direct:			
Total number of full-time permanent positions	471	433	341
Total compensable workyears:			
Full-time equivalent employment	572	539	423
Full-time equivalent of overtime and holiday hours	21	20	16
Reimbursable:			
Total number of full-time permanent positions	14	13	10
Total compensable workyears: Full-time equivalent employment	14	13	10

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

	Identification code 12-1105-6-1-302	1985 actual	1986 est.	1987 est.
	Program by activities:			
10.00	Total obligations		−2,488	
	Financing:			
25.00	Reduction in new spending authority (offsetting collections)		10	
40.00	**Budget authority (appropriation)**		−2,478	
	Relation of obligations to outlays:			
71.00	Obligations incurred, net		−2,488	
72.40	Obligated balance, start of year			−337
74.40	Obligated balance, end of year		337	
90.00	Outlays		−2,151	−337

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

NATIONAL FOREST SYSTEM*

*See Part II for additional information.

For necessary expenses of the Forest Service, not otherwise provided for, for management, protection, improvement, and utilization of the National Forest System, and for [liquidation of obligations incurred] repayment of advances made in the preceding fiscal year, pursuant to 16 U.S.C. 556d, for forest fire protection and emergency rehabilitation of National Forest system lands, including administrative expenses associated with the management of funds provided under the heads "Forest Research", "State and Private Forestry", "National Forest System", "Construction", and "Land Acquisition", [$1,054,629,000] *$989,488,000*, of which [$166,761,000] *$115,011,000* for [reforestation,] *reforestation and* timber stand improvement, cooperative law enforcement, and maintenance of forest development roads and trails shall remain available for obligation until September 30, [1987] *1988*[: *Provided*, That the unobligated balances available September 30, 1985 and funds becoming available in fiscal year 1986 under the Act of October 14, 1980 (16 U.S.C. 1606), shall be transferred to and merged with the National Forest System appropriation account as of October 1, 1985: *Provided further*, That notwithstanding any other provision of law, subsection (e) of section 303 of the Act of October 14, 1980, as amended by the Act of January 6, 1983, Public Law 97-424 (16 U.S.C. 1606), is repealed and subsection (d) of section 303 of the Act of October 14, 1980, as amended by the Act of January 6, 1983, Public Law 97-424 (16 U.S.C. 1606), is amended to read as follows:]

[“(d) The Secretary of Agriculture is hereafter authorized to obligate such sums as are available in the Trust Fund (including any amounts not obligated in previous fiscal years) for—

(1) reforestation and timber stand improvement as specified in section (3)(d) of the Forest and Rangeland Renewable Resources Planning Act of 1974 (16 U.S.C. 1601(d)), and

(2) properly allocable administrative costs of the Federal Government for the activities specified above.”] *(7 U.S.C. 1010-12, 2201, 2250; 16 U.S.C. 472a-583i, 556d, 594, 670a-b, 1601-11; 30 U.S.C. 601-604, 611-614; 43 U.S.C. 1181h-j, 1241-43, 1901-08; Public Law 96-487; Public Law 98-478; Department of the Interior and Related Agencies Appropriations Act, 1986, as included in Public Law 99-190.)*

Program and Financing (in thousands of dollars)

	Identification code 12-1105-0-1-302	1985 actual	1986 est.	1987 est.
	Program by activities:			
	Direct program:			
00.01	Land and resource protection	453,036	425,560	360,290
00.02	Renewable resource management and utilization	425,447	395,618	338,500
00.03	General administration	239,677	225,122	190,595
00.91	Total direct program	1,118,160	1,050,300	889,385
01.01	Reimbursable program	145,235	137,000	116,000
10.00	Total obligations	1,263,395	1,187,300	1,005,385
	Financing:			
	Offsetting collections from:			
11.00	Federal funds	−105,339	−99,400	−84,200
13.00	Trust funds	−39,896	−37,600	−31,800
21.40	Unobligated balance available, start of year	−474	−4,746	−2,747
24.40	Unobligated balance available, end of year	4,746	2,747	2,850
25.00	Unobligated balance restored	−10,884		
39.00	**Budget authority**	1,111,548	1,048,301	889,488
	Budget authority:			
40.00	Appropriation	1,111,548	1,054,629	885,488
40.00	Reduction pursuant to P.L. 99-190		−6,328	
43.00	**Appropriation (adjusted)**	1,111,548	1,048,301	885,488
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	1,118,160	1,050,300	889,385
72.40	Obligated balance, start of year	76,532	131,518	101,503
74.40	Obligated balance, end of year	−131,518	−101,503	−76,278
90.00	Outlays	1,063,174	1,080,315	914,610

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[in thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Enacted/requested:			
Budget authority	1,111,548	1,054,629	885,488
Outlays	1,063,174	1,080,315	914,610
Reduction pursuant to P.L. 99-177:			
Budget authority		−45,077	
Outlays		−39,068	−6,009
Proposed for later transmittal under proposed legislation:			
Budget authority			5,000
Outlays			4,000
Supplemental under existing legislation:			
Budget authority		165,700	

General and special funds—Continued

NATIONAL FOREST SYSTEM—Continued

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS—Continued

[In thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Outlays		165,700	
Total			
Budget authority	1,111,548	1,175,252	894,488
Outlays	1,063,174	1,206,947	912,601

The 156 national forests, 19 national grasslands, and 18 land utilization projects located in 44 States, Puerto Rico and the Virgin Islands are managed under multiple use and sustained yield principles. The natural resources of timber, range, watershed, wildlife and outdoor recreation are utilized in a planned combination that will best meet the needs of the Nation, without impairing productivity of the land and will be environmentally acceptable. These management and utilization principles are recognized in the Multiple-Use Sustained-Yield Act of June 12, 1960 (74 Stat. 215). Work programs and budget estimates are related to meeting the increased demands for specific National Forest resource needs through 1987 and for long-term objectives for the year 2020. Increases are provided in the budget for further attainment of these program objectives.

Land and resource protection.—Provides for the protection and/or maintenance of National Forest System users, resources, lands and facilities, including roads and trails.

Renewable resource management and utilization.—Provides for the management and utilization of the timber, wildlife, range, recreation, watershed, and soil resources on National Forest System lands.

For 1987, funding will be reduced because of a lower timber sales volume (10 billion board feet), eliminating resource improvement activities not cost effective, and reducing forest fire protection costs.

In addition, a 1986 supplemental will be requested to reimburse 1985 costs of forest fire suppression activities.

MAIN WORKLOAD FACTORS

Description	1985 actual	1986 estimate	1987 estimate
Area administered and protected (million acres)	191	191	191
Minerals management (operating plans)	20,488	23,999	23,480
Landline location (miles)	8,561	4,623	3,955
Fuel treatment including fuelbreaks (thousand acres)	227	285	48
Timber sales prepared and offered (billion board feet)	11.5	11.4	10.0
Timber volume harvested (billion board feet)	10.9	11.2	11.2
Tree planting and seeding (thousand acres) (appropriated)	175	145	79
Timber stand improvement (thousand acres) (appropriated)	301	197	121
Estimated number of visitor-days to national forests (millions) ¹	225.4	225.0	225.0
Wildlife habitat improvement (thousand acres)	111	110	65
Grazing use (millions permitted livestock)	10.1	9.8	9.8
Soil and water resource improvement (thousand acres)	6.4	7.3	2.9
Receipts (in thousands of dollars)			
National forests fund			
Timber sales	498,546	802,548	715,700
Timber sales betterment	186,107	150,000	160,000
Minerals	14,998	20,000	19,000
Grazing	7,747	7,747	7,747
Recreation admission and user fees	30,826	33,700	52,000
Other	3,518	4,150	5,700
National grasslands and land utilization			
Grazing	1,292	1,292	1,292
Minerals	62,524	40,000	48,500
Other	439	525	525
Oregon and California grant lands	16,056	22,000	23,000
Total receipts	822,053	1,081,962	1,033,464

¹ Including wilderness areas.

General administration.—This activity represents that share of the cost which contributes to the support for accomplishment of programs financed from Research, State and Private Forestry, National Forest System, Construction, and Land Acquisition appropriations.

Object Classification (in thousands of dollars)

Identification code 12-1106-0-1-302		1985 actual	1986 est.	1987 est.
	FOREST SERVICE			
	Direct obligations			
	Personnel compensation			
11.1	Full-time permanent	479,824	489,466	423,455
11.3	Other than full-time permanent	89,388	91,151	76,348
11.5	Other personnel compensation	60,295	61,501	52,363
11.8	Special personal services payments	15,262	15,595	12,676
11.9	Total personnel compensation	644,769	657,713	564,842
12.1	Personnel benefits: Civilian	89,242	91,034	78,180
13.0	Benefits for former personnel	11,956	12,156	10,551
21.0	Travel and transportation of persons	30,111	25,545	18,692
22.0	Transportation of things	9,338	7,522	5,797
23.1	Standard level user charges	16,127	17,508	14,682
23.2	Rental payments to others	9,830	8,339	6,102
23.3	Communications, utilities, and miscellaneous charges	36,253	30,755	22,504
24.0	Printing and reproduction	4,402	3,734	2,732
25.0	Other services	172,419	116,274	107,031
26.0	Supplies and materials	53,458	45,351	33,184
31.0	Equipment	29,968	25,441	18,616
32.0	Lands and structures	7,578	6,429	4,704
41.0	Grants, subsidies, and contributions	33	28	20
42.0	Insurance claims and indemnities	309	262	192
44.0	Refunds	91	77	56
99.0	Subtotal, direct obligations	1,115,904	1,048,608	887,885
99.0	Reimbursable obligations	145,235	137,000	116,000
	ALLOCATION ACCOUNTS			
	Personnel compensation			
11.1	Full-time permanent	1,146	982	928
11.3	Other than full-time permanent	43	36	28
11.9	Total personnel compensation	1,189	1,018	956
12.1	Personnel benefits: Civilian	164	140	131
21.0	Travel and transportation of persons	107	63	49
22.0	Transportation of things	24	14	11
23.2	Rental payments to others	94	56	43
24.0	Printing and reproduction	80	47	36
25.0	Other services	353	209	162
26.0	Supplies and materials	150	89	69
31.0	Equipment	86	51	39
32.0	Lands and structures	9	5	4
99.0	Subtotal, allocation accounts	2,256	1,692	1,500
99.9	Total obligations	1,263,395	1,187,300	1,005,385
	Obligations are distributed as follows:			
	National Forest System	1,261,139	1,185,608	1,003,885
	Bureau of Land Management	2,256	1,692	1,500

Personnel Summary

	1985 actual	1986 est.	1987 est.
Direct			
Total number of permanent positions	19,553	19,488	16,916

Total compensable workyears			
Full time equivalent employment	24,565	25,049	21,502
Full time equivalent of overtime and holiday hours	537	548	484
Reimbursable			
Total number of permanent positions	100	107	89
Total compensable workyears			
Full time equivalent employment	133	136	119
Full time equivalent of overtime and holiday hours	1,597	1,634	1,429
ALLOCATION ACCOUNTS			
Total number of permanent positions	43	36	35
Total compensable workyears			
Full time equivalent employment	45	38	36
Full time equivalent of overtime and holiday hours	2	2	2

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

Identification code 12-1106-6-1-302	1985 actual	1986 est	1987 est
Program by activities:			
10.00 Total obligations		−45,077	
Financing:			
40.00 Budget authority (appropriation)		−45,077	
Relation of obligations to outlays:			
71.00 Obligations incurred, net		−45,077	
72.40 Obligated balance, start of year			−6,009
74.40 Obligated balance, end of year		6,009	
90.00 Outlays		−39,068	−6,009

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

NATIONAL FOREST SYSTEM

(Proposed for latter transmittal, proposed legislation)

Program and Financing (in thousands of dollars)

Identification code 12-1106-2-1-302	1985 actual	1986 est	1987 est
Program by activities:			
10.00 Total obligations			5,000
Financing:			
40.00 Budget authority (appropriation)			5,000
Relation of obligation to outlays:			
71.00 Obligations incurred, net			5,000
74.40 Obligated balance, end of year			−1,000
90.00 Outlays			4,000

Legislation will be proposed to implement a realignment of Forest Service and Bureau of Land Management jurisdictional boundaries and responsibilities.

Object Classification (in thousands of dollars)

Identification code 12-1106-2-1-302	1985 actual	1986 est	1987 est
13.0 Benefits for former personnel			500
21.0 Travel and transportation of persons			300
22.0 Transportation of things			1,622
23.3 Communications, utilities, and miscellaneous charges			900
24.0 Printing and reproduction			56
25.0 Other services			1,380
26.0 Supplies and materials			240
99.9 Total obligations			5,000

CONSTRUCTION

For necessary expenses of the Forest Service, not otherwise provided for, for construction, [$223,865,000] *$195,197,000*, to remain available until expended, of which [$27,449,000] *$11,736,000* is for construction and acquisition of buildings and other facilities; and [$196,416,000] *$183,461,000* is for construction of forest roads and trails by the Forest Service as authorized by 16 U.S.C. 532-538 and 23 U.S.C. 101 and 205: *Provided*, That funds becoming available in fiscal year [1986] *1987* under the Act of March 4, 1913 (16 U.S.C. 501), shall be transferred to the General Fund of the Treasury of the United States: *Provided further*, That [road construction standards used to construct Forest Service roads, purchaser credit roads, or purchaser elect roads shall be applied, or other management initiatives or administrative cost-saving actions taken, including reductions in personnel or overhead charges, in fiscal year 1986 in a manner so as to achieve a 5 per centum reduction in the average cost per road mile as compared to fiscal year 1985: *Provided further*, That such actions shall be taken so as to achieve this 5 per centum reduction in each Forest Service region: *Provided further*, That notwithstanding any other provision of this Act or any other provision of law, $9,915,000 of the contract authority available in the Federal Highway Trust Fund and not otherwise appropriated shall be available to the Forest Service for road construction to Forest Development Road Standards to serve the Mount St. Helens National Volcanic Monument, Washington: *Provided further*, That the foregoing shall not alter the amount of funds or contract authority that would otherwise be available for road construction to serve any State other than the State of Washington] *no more than $154,121,000 to remain available without fiscal year limitation, shall be obligated for construction of forest roads by timber purchasers. (7 U.S.C. 2250, 16 U.S.C. 501, 532-538, 555b, 571c, 1241-51, 1601, 1642; 42 U.S.C. 6259; Department of the Interior and Related Agencies Appropriations Act, 1986, as included in Public Law 99-190.)*

Program and Financing (in thousands of dollars)

Identification code 12-1103-0-1-302	1985 actual	1986 est	1987 est
Program by activities:			
Direct program:			
00.01 Construction of facilities	33,124	29,090	24,177
00.02 Road and trail construction	235,352	205,653	171,806
00.03 Pollution abatement	421	369	295
00.04 Land acquisition	8	5	4
00.05 Mt. St. Helens timber salvage	185	160	118
00.91 Total direct program	269,090	236,277	196,400
01.01 Reimbursable program	1,712	2,160	1,895
10.00 Total obligations	270,802	238,437	198,295
Financing:			
Offsetting collections from:			
11.00 Federal funds	−55	−50	−45
14.00 Non-Federal sources	−1,657	−2,110	−1,850
17.00 Recovery of prior year obligations	−1,394		
21.40 Unobligated balance available, start of year	−249,153	−19,036	−5,281
24.40 Unobligated balance available, end of year	19,036	5,281	4,078
25.00 Unobligated balance lapsing	74,215		
39.00 Budget authority	111,794	222,522	195,197
Budget authority:			
40.00 Appropriation	111,794	223,865	195,197
40.00 Reduction pursuant to P.L. 99-190		−1,343	
43.00 Appropriation (adjusted)	111,794	222,522	195,197
Relation of obligations to outlays:			
71.00 Obligations incurred, net	269,090	236,277	196,400
72.40 Obligated balance, start of year	138,762	133,235	129,393
74.40 Obligated balance, end of year	−133,235	−129,393	−117,028
78.00 Adjustments in unexpired accounts	−1,394		
90.00 Outlays	273,223	240,119	208,765

General and special funds—Continued

CONSTRUCTION—Continued

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Enacted/requested			
Budget authority	111,794	222,522	195,197
Outlays	273,223	240,119	208,765
Reduction pursuant to P.L. 99-177			
Budget authority		−9,568	
Outlays		−5,665	−3,243
Total			
Budget authority	111,794	212,954	195,197
Outlays	273,223	234,454	205,522

Construction of facilities.—

Recreation facilities.—Provides facilities necessary to safely meet recreation demand without sacrificing environmental values and without unduly impinging upon other resource uses of the National Forests.

Other facilities.—Provides for construction and acquisition of fire, administrative, and other improvements and related facilities necessary to carry out National Forest and State and private forestry programs. Includes fire lookouts, offices, dwellings and barracks for employee housing, service, and storage buildings, insectories, tree nursery buildings, dams, and other forest resource management projects. Efforts to make buildings more energy efficient (retrofit) will be continued.

Research construction.—Provides for construction, alteration, and improvement of research laboratories and related facilities, and for procurement and installation of necessary initial equipment needed to put the facility into operating condition. Efforts to make research facilities more energy efficient (retrofit) will be continued.

Road and trail construction.—

Road and trail construction.—Roads and trails are essential to the protection and management of the National Forest System, as well as providing access to National Forest System areas for recreation and utilization of their resources. Of the revenues received annually from National Forest activities, 10 percent is being transferred to the General Fund with a comparable amount appropriated to the construction program for road and trail construction activities.

Timber purchaser construction.—Roads may be constructed and/or reconstructed by a timber purchaser who in turn receives credit against timber value as a reimbursement. These roads are those required within a timber sale area specifically for the removal of the timber, but which will remain on the National Forest development road system for resource management purposes after the timber sale contract is completed. (16 U.S.C. 535, item (2); section 9 of Public Law 93-378; and section 3(a) of Public Law 93-344.)

For 1987, construction will be reduced by eliminating all new facility construction and reducing road construction slightly.

Object Classification (in thousands of dollars)

Identification code 12-1103-0-1-302		1985 actual	1986 est.	1987 est.
	FOREST SERVICE			
	Direct obligations			
	Personnel compensation			
11.1	Full-time permanent	92,051	87,153	83,213
11.3	Other than full-time permanent	9,714	9,200	8,774
11.5	Other personnel compensation	1,552	1,469	1,402
11.8	Special personal services payments	132	128	125
11.9	Total personnel compensation	103,449	97,950	93,514
12.1	Personnel benefits: Civilian	14,425	13,658	13,039
13.0	Benefits for former personnel	2,144	2,030	1,938
21.0	Travel and transportation of persons	3,865	3,272	2,329
22.0	Transportation of things	1,517	1,284	914
23.1	Standard level user charges	3,341	3,591	3,011
23.2	Rental payments to others	2,294	1,942	1,382
23.3	Communications, utilities, and miscellaneous charges	3,685	3,120	2,220
24.0	Printing and reproduction	738	625	445
25.0	Other services	51,973	42,591	30,425
26.0	Supplies and materials	6,982	5,911	4,207
31.0	Equipment	4,405	3,729	2,654
32.0	Lands and structures	66,098	55,981	39,825
41.0	Grants, subsidies, and contributions	1	1	1
42.0	Insurance claims and indemnities	567	480	342
44.0	Refunds	156	132	94
99.0	Subtotal, direct obligations	265,640	236,277	194,400
99.0	Reimbursable obligations	1,712	2,160	1,895
	ALLOCATION TO FEDERAL HIGHWAY ADMINISTRATION			
	Personnel compensation			
11.1	Full-time permanent	55		
11.3	Other than full-time permanent	15		
11.5	Other personnel compensation	31		
11.9	Total personnel compensation	101		
12.1	Personnel benefits: Civilian	14		
13.0	Benefits for former personnel	1		
21.0	Travel and transportation of persons	91		
22.0	Transportation of things	36		
23.2	Rental payments to others	54		
23.3	Communications, utilities and miscellaneous charges	86		
24.0	Printing and reproduction	17		
25.0	Other services	1,218		
26.0	Supplies and materials	164		
31.0	Equipment	103		
32.0	Lands and structures	1,552		
44.0	Refunds	13		
99.0	Subtotal, obligations, allocation to Federal Highway Administration	3,450		
99.9	Total obligations	270,802	238,437	196,295

Personnel Summary

	1985 actual	1986 est.	1987 est.
FOREST SERVICE			
Direct:			
Total number of full-time permanent positions	3,581	3,315	3,171
Total compensable workyears:			
Full-time equivalent employment	4,025	3,811	3,638
Full-time equivalent of overtime and holiday hours	50	48	46
Reimbursable:			
Total number of full-time permanent positions	14	13	12
Total compensable workyears:			
Full-time equivalent employment	46	44	41
Full-time equivalent of overtime and holiday hours	3	2	1

FEDERAL HIGHWAY ADMINISTRATION

Total number of full time permanent positions	40		
Total compensable workyears			
Full time equivalent employment	70		
Full time equivalent of overtime and holiday hours	3		

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

Identification code 12-1103-6-1-302	1985 actual	1986 est	1987 est
Program by activities:			
10.00 Total obligations		-9,659	
Financing:			
25.00 Reduction in new spending authority (offsetting collections)		91	
40.00 **Budget authority (appropriation)**		-9,568	
Relation of obligations to outlays:			
71.00 Obligations incurred, net		-9,659	
72.40 Obligated balance, start of year			-3,994
74.40 Obligated balance, end of year		3,994	751
90.00 **Outlays**		-5,665	-3,243

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

Other Appropriations

Program and Financing (in thousands of dollars)

Identification code 12-5911-0-1-302	1985 actual	1986 est	1987 est
Program by activities:			
00.01 Acquisition of lands for Winema National Forest, Oregon	7	469	
00.02 Youth Conservation Corps	41		
00.03 Forest management, protection and utilization	2		
10.00 Total obligations	50	469	
Financing:			
17.00 Recovery of prior year obligations	-3,945		
21.40 Unobligated balance available, start of year	-469	-469	
24.40 Unobligated balance available, end of year	469		
25.00 Unobligated balance lapsing	3,895		
39.00 **Budget authority**			
Relation of obligations to outlays:			
71.00 Obligations incurred, net	50	469	
72.40 Obligated balance, start of year	4,786	479	
74.40 Obligated balance, end of year	-479		
78.00 Adjustments in unexpired accounts	-3,945		
90.00 **Outlays**	412	948	
Distribution of outlays by account:			
Winema National Forest	7	469	
Acquisition of lands for Youth Conservation Corps	17		
Forest management, protection and utilization	422		

Acquisition of lands for Winema National Forest, OR.—This special account is established by Private Law 96-98, approved December 5, 1980, for receipt of a donation to the Secretary of Agriculture for acquisition of lands or interests therein within the Winema National Forest.

Operation and Maintenance of Recreation Facilities

(Proposed for later transmittal, proposed legislation)

Program and Financing (in thousands of dollars)

Identification code 12-5072-2-2-302	1985 actual	1986 est	1987 est
Program by activities:			
10.00 Total obligations			46,800
Financing:			
24.40 Unobligated balance available, end of year			5,200
40.00 **Budget authority (appropriation, special fund)**			52,000
Relation of obligations to outlays:			
71.00 Obligations incurred, net			46,800
74.40 Obligated balance, end of year			-7,748
90.00 **Outlays**			39,052

Outdoor recreation occurs throughout National Forest System lands. Legislation will be proposed to provide for the operation and maintenance of National Forest recreation areas and facilities from recreation fee receipts. Recreationists who enjoy National Forest System lands will receive direct benefit from the fees collected. Land and Water Conservation Fund receipts will be used in 1987 to provide time for sufficient funds to accrue.

Object Classification (in thousands of dollars)

Identification code 12-5072-2-2-302	1985 actual	1986 est	1987 est
Personnel compensation:			
11.1 Full-time permanent			29,772
11.3 Other than full-time permanent			3,219
11.5 Other personnel compensation			504
11.9 Total personnel compensation			33,495
12.1 Personnel benefits: Civilian			4,671
13.0 Benefits for former personnel			653
21.0 Travel and transportation of persons			216
22.0 Transportation of things			85
23.2 Rental payments to others			128
23.3 Communications, utilities, and miscellaneous charges			206
24.0 Printing and reproduction			41
25.0 Other services			2,901
26.0 Supplies and materials			390
31.0 Equipment			246
32.0 Lands and structures			3,687
42.0 Insurance claims and indemnities			32
44.0 Refunds			9
99.9 Total obligations			46,800

Personnel Summary

Total number of full-time permanent positions			1,130
Total compensable workyears:			
Full-time equivalent employment			1,307
Full-time equivalent of overtime and holiday hours			16

74.40	Obligated balance, end of year		726	121
90.00	Outlays		-484	-605

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

OPERATIONS AND MAINTENANCE OF QUARTERS

Program and Financing (in thousands of dollars)

Identification code 12-5219-0-2-302		1985 actual	1986 est	1987 est
	Program by activities:			
10.00	Total obligations	3,925	5,293	5,500
	Financing:			
21.40	Unobligated balance available, start of year		-929	-736
24.40	Unobligated balance available, end of year	929	736	636
60.00	**Appropriation (permanent special fund)**	4,854	5,100	5,400
	Relation of obligations to outlays			
71.00	Obligations incurred, net	3,925	5,293	5,500
72.40	Obligated balance, start of year		693	935
74.40	Obligated balance, end of year	-693	-935	-1,055
90.00	Outlays	3,232	5,051	5,340

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[in thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Enacted/requested			
Budget authority	4,854	5,100	5,400
Outlays	3,232	5,051	5,340
Reduction pursuant to P.L. 99-177			
Budget authority			
Outlays		-175	-44
Total			
Budget authority	4,854	5,100	5,400
Outlays	3,232	4,876	5,296

Quarterly rental deductions are collected from employees occupying Forest Service facilities. Amounts are deposited into a special fund and are available for the maintenance and operation of employee occupied quarters.

Object Classification (in thousands of dollars)

Identification code 12-5219-0-2-302		1985 actual	1986 est	1987 est
	Personnel compensation			
11.1	Full-time permanent	1,004	1,004	1,029
11.3	Positions other than permanent	453	453	472
11.5	Other personnel compensation	23	23	23
11.8	Special personal services payments	3		
11.9	Total personnel compensation	1,483	1,480	1,524
12.1	Personnel benefits: Civilian	184	184	189
21.0	Travel and transportation of persons	26	42	44
22.0	Transportation of things	12	19	20
23.2	Rental payments to others	20	32	33
23.3	Communications, utilities, and miscellaneous charges	213	342	357
25.0	Other services	747	1,199	1,251
26.0	Supplies and materials	1,133	1,823	1,903
31.0	Equipment	16	26	27
32.0	Lands and structures	77	124	179
41.0	Grants, subsidies, and contributions	1	2	2
42.0	Insurance claims and indemnities	4	6	6
44.0	Refunds	9	14	15
99.9	Total obligations	3,925	5,293	5,500

Personnel Summary

Total number of full-time permanent positions	41	40	42
Total compensable workyears: Full-time equivalent employment	63	63	65

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

Identification code 12-5219-6-2-302		1985 actual	1986 est	1987 est
	Program by activities:			
10.00	Total obligations		-219	
	Financing:			
21.40	Unobligated balance available, start of year			-219
24.40	Unobligated balance available, end of year		219	219
39.00	**Appropriation**			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net		-219	
72.40	Obligated balance, start of year			-44
74.40	Obligated balance, end of year		44	
90.00	Outlays		-175	-44

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

FOREST SERVICE PERMANENT APPROPRIATIONS

Program and Financing (in thousands of dollars)

Identification code 12-9922-0-2-302		1985 actual	1986 est	1987 est
	Program by activities:			
	Direct program:			
00.01	Expenses, brush disposal	31,428	40,417	46,012
00.02	Licensee programs, Forest Service	33	39	46
00.03	Restoration of forest lands and improvements	138	169	202
00.04	Timber purchaser roads constructed by Forest Service	8,485	10,985	15,434
00.05	Timber salvage sales	14,976	19,292	23,361
00.06	Tongass timber supply fund	45,840	59,098	70,645
00.91	Total direct program	100,900	130,000	155,400
01.01	Reimbursable program		15	13
10.00	Total obligations	100,900	130,015	155,413
	Financing:			
	Offsetting collections from:			
11.00	Federal funds		-10	-9
14.00	Non-Federal sources		-4	-4
21.40	Unobligated balance available, start of year	-173,211	-225,391	-242,330
24.40	Unobligated balance available, end of year	225,391	242,330	216,927
60.00	**Budget authority (appropriation) (permanent, indefinite, special funds)**	153,080	146,939	129,997
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	100,900	130,000	155,400
72.40	Obligated balance, start of year	38,212	36,196	15,825
74.40	Obligated balance, end of year	-36,196	-15,825	-35,036
90.00	Outlays	102,916	150,371	135,189
	Distribution of budget authority by account:			
	Expenses, brush disposal	53,734	48,026	47,835
	Licenses programs, Forest Service	74	100	100
	Restoration of forest lands and improvements	172	100	100
	Timber purchaser roads constructed by Forest Service	33,898	22,911	15,434
	Timber salvage sales	15,232	24,000	20,713
	Tongass timber supply fund	49,970	51,802	45,815

General and special funds—Continued

FOREST SERVICE PERMANENT APPROPRIATIONS—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 12-9922-0-2-302	1985 actual	1986 est.	1987 est.
Distribution of outlays by account:			
Expenses, brush disposal	31,961	48,722	47,856
Licensee programs, Forest Service	43	100	100
Restoration of forest lands and improvements	115	100	100
Timber purchaser roads constructed by Forest Service	12,158	26,998	18,215
Timber salvage sales	14,337	23,299	20,976
Tongass timber supply fund	44,262	51,152	47,940

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

[In thousands of dollars]

	1985 actual	1986 estimate	1987 estimate
Enacted/requested:			
Budget authority	153,060	146,939	129,997
Outlays	102,516	150,371	135,189
Reduction pursuant to P.L. 99-177:			
Budget authority			
Outlays		−4,827	−1,453
Total:			
Budget authority	153,060	146,939	129,997
Outlays	102,516	145,544	133,696

Expenses, brush disposal.—Funds from payments by purchasers of National Forest timber to dispose of or treat slash and other debris that result from cutting operations (16 U.S.C. 490).

Licensee programs, Forest Service.—Funds from fees for the use of characters by private enterprises are collected under regulations promulgated by the Secretary as follows:

Smokey Bear.—For furthering the nationwide forest fire prevention campaign (18 U.S.C. 711 and 31 U.S.C. 488a).

Woodsy Owl.—For promoting wise use of the environment and programs which foster maintenance and improvement of environmental quality (31 U.S.C. 488b-3—6).

Restoration of forest lands and improvements.—Funds from claim settlements involving damage to lands or improvements and from forfeiture of deposits and bonds by permittees and timber purchasers are used for the restoration made necessary by the action which led to the settlement of forfeiture (16 U.S.C. 579c).

Timber purchaser roads constructed by Forest Service.—Funds from timber receipts for Government constructed permanent roads for purchasers of timber who qualify as small businesses and elect to have the Forest Service construct the roads designated under the timber sale contract where costs exceed $20,000 (16 U.S.C. 472a(i)).

Timber salvage sales.—Funds to begin salvage of insect-infested, dead, damaged, or down timber, and to remove associated trees for stand improvement in accordance with Public Law 95-26, the Supplemental Appropriation Act of 1977 and under authority of 16 U.S.C. 472a(h).

Tongass timber supply fund, Forest Service.—Funds from sales of Alaska timber to maintain the timber supply from the Tongass National Forest at a specified level. (Public Law 96-487 (16 U.S.C. 539d).)

Object Classification (in thousands of dollars)

	Identification code 12-9922-0-2-302	1985 actual	1986 est.	1987 est.
	Direct obligations:			
	Personnel compensation:			
11.1	Full-time permanent	31,368	36,930	35,051
11.3	Other than full-time permanent	9,817	11,554	10,958
11.5	Other personnel compensation	3,407	4,018	3,813
11.8	Special personal service payments	78	78	78
11.9	Total personnel compensation	44,665	52,580	49,500
12.1	Personnel benefits: Civilian	10,683	12,576	11,935
13.0	Benefits for former personnel	1,212	1,427	1,354
21.0	Travel and transportation of persons	3,025	4,379	6,465
22.0	Transportation of things	973	1,409	2,080
23.1	Standard level user charges	2,069	2,224	1,865
23.2	Rental payments to others	619	896	1,323
23.3	Communications, utilities, and miscellaneous charges	1,877	2,717	4,011
24.0	Printing and reproduction	367	531	784
25.0	Other services	13,891	20,110	29,691
26.0	Supplies and materials	3,626	5,249	7,750
31.0	Equipment	1,411	2,043	3,016
32.0	Lands and structures	16,408	23,752	35,068
41.0	Grants, subsidies, and contributions	2	3	4
42.0	Insurance claims and indemnities	62	90	133
44.0	Refunds	10	14	21
99.0	Subtotal, direct obligations	100,900	130,000	155,400
99.0	Reimbursable obligations		15	13
99.9	Total obligations	100,900	130,015	155,413

Personnel Summary

Total number of full-time permanent positions	1,346	1,545	1,473
Total compensable workyears:			
Full-time equivalent employment	1,928	2,270	2,154
Full-time equivalent of overtime and holiday hours	132	155	147

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

	Identification code 12-9922-6-2-302	1985 actual	1986 est.	1987 est.
	Program by activities:			
	Direct program:			
00.01	Expenses, brush disposal		−2,065	
00.02	Licensee programs, Forest Service		−4	
00.03	Restoration of forest lands and improvements		−[illegible]	
00.04	Timber purchaser roads constructed by Forest Service		−585	
00.05	Timber salvage sales		−1,032	
00.06	Tongass timber supply fund		−2,228	−6,318
10.00	Total obligations		−6,318	
	Financing:			
21.40	Unobligated balance available, start of year			−6,318
24.40	Unobligated balance available, end of year		6,318	6,318
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net		−6,318	
72.40	Obligated balance, start of year			−1,493
74.40	Obligated balance, end of year		1,493	
90.00	Outlays		−4,827	−1,493

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

FOREST SERVICE PERMANENT APPROPRIATIONS

Program and Financing (in thousands of dollars)

Identification code 12-9921-0-2-852	1985 actual	1986 est.	1987 est.
Program by activities:			
00.01 Payment to Minnesota	716	716	716
00.02 Payments to counties, National Grasslands	10,046	14,661	10,954
00.03 Payments to States, National Forest Fund	224,937	212,241	298,036
10.00 Total obligations (object class 41.0)	235,699	227,618	309,706
Financing:			
60.00 Budget authority (appropriation) (permanent, indefinite, special fund)	235,699	227,618	309,706
Relation of obligations to outlays:			
71.00 Obligations incurred, net	235,699	227,618	309,706
90.00 Outlays	235,699	227,618	309,706
Distribution of budget authority by account:			
Payment to Minnesota	716	716	716
Payments to counties, National Grasslands	10,046	14,661	10,954
Payments to States, National Forest Fund	224,937	212,241	298,036
Distribution of outlays by account:			
Payment to Minnesota	716	716	716
Payments to counties, National Grasslands	10,046	14,661	10,954
Payments to States, National Forest Fund	224,937	212,241	298,036

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

(in thousands of dollars)

Enacted/requested:	1985 actual	1986 estimate	1987 estimate
Budget authority	235,699	227,618	309,706
Outlays	235,699	227,618	309,706
Reduction pursuant to P.L. 99-177:			
Budget authority			
Outlays		−9,788	
Proposed for later transmittal under proposed legislation:			
Budget authority			−224,816
Outlays			−224,816
Total:			
Budget authority	235,699	227,618	84,890
Outlays	235,699	217,830	84,890

Payment to Minnesota.—At the close of each fiscal year the State of Minnesota is paid 0.75 percent of the appraised value of certain Superior National Forest lands in the counties of Cook, Lake, and St. Louis for distribution to these counties (16 U.S.C. 577g).

Payments to counties, National Grasslands.—Of the revenues received from the use of National Grasslands, 25 percent is paid to the counties in which such land is situated for funding local schools and roads (7 U.S.C. 1012).

Payments to States, National Forest Fund.—With minor exceptions, 25 percent of the money received from the national forests, including all the collections under *16 U.S.C. 576b*, and all amounts allowed any timber purchaser for construction of roads, is paid to the States for funding local schools and roads of the county in which such forests are situated (16 U.S.C. 500 and Public Law 98-175).

Legislation will be proposed that would make these payments more rational by considering Government costs for timber, minerals, and land management necessary to generate gross timber, mineral and land receipts.

Reduction Pursuant to Public Law 99-177

Program and Financing (in thousands of dollars)

Identification code 12-9921-6-2-852	1985 actual	1986 est.	1987 est.
Program by activities:			
10.00 Total obligations		−9,788	
Financing:			
21.40 Unobligated balance available, start of year			−9,788
24.40 Unobligated balance available, end of year		9,788	9,788
39.00 Budget authority			
Relation of obligations to outlays:			
71.00 Obligations incurred, net		−9,788	
90.00 Outlays		−9,788	

These reductions are required by the Balanced Budget and Emergency Deficit Control Act of 1985 (Public Law 99-177).

FOREST SERVICE PERMANENT APPROPRIATIONS

(Proposed for later transmittal, proposed legislation)

Program and Financing (in thousands of dollars)

Identification code 12-9921-2-2-852	1985 actual	1986 est.	1987 est.
Program by activities:			
10.00 Total obligations (object class 41.0)			−224,816
Financing:			
40.00 Budget authority (appropriation) (special fund)			−224,816
Relation of obligations to outlays:			
71.00 Obligations incurred, net			−224,816
90.00 Outlays			−224,816

Legislation will be proposed to change the method of calculating the annual payment to the States from National Forest receipts. Under existing legislation, 25 percent of all moneys received from the National Forests during the prior fiscal year is paid to the States in which the forests are located, for the benefit of public schools and public roads of the county or counties in which such National Forests are situated. The proposed legislation would make these payments more rational by considering Government costs for timber, minerals, and land management necessary to generate gross timber, mineral, and land receipts. Recreation and grazing receipts would still be shared with the States on a gross basis.

Intragovernmental funds:

WORKING CAPITAL FUND

Program and Financing (in thousands of dollars)

Identification code 12-4605-0-4-302	1985 actual	1986 est.	1987 est.
Program by activities:			
00.01 Operating expenses	56,007	67,578	67,787
00.02 Capital investment	25,857	27,752	27,504
10.00 Total obligations	81,864	95,330	95,291
Financing:			
Offsetting collections from:			
11.00 Federal funds	−90,585	−89,761	−91,597
14.00 Non-Federal sources	−906	−3,958	−4,032

Intragovernmental funds—Continued

WORKING CAPITAL FUND—Continued

Program and Financing (in thousands of dollars)—Continued

Identification code 12-4605-0-4-302		1985 actual	1986 est.	1987 est.
21.98	Unobligated balance available, start of year: Fund balance	60,944	−71,371	−69,760
24.98	Unobligated balance available, end of year: Fund balance	71,371	69,760	70,098
39.00	Budget authority			
	Relation of obligations to outlays:			
71.00	Obligations incurred, net	−10,426	1,611	−338
72.98	Obligated balance, start of year: Fund balance	28,747	35,905	37,516
74.98	Obligated balance, end of year: Fund balance	−35,905	−37,516	−37,178
90.00	Outlays	−17,584		

The Working Capital Fund was established by the act of August 3, 1956 (16 U.S.C. 579b), as amended by the act of October 23, 1962 (16 U.S.C. 579b). It is a self-sustaining revolving fund which provides services to National Forests, research experiment stations, and when necessary, to other Federal agencies, and as provided by law, to State and private agencies and persons who cooperate with the Forest Service in fire control and other authorized programs.

The forestry related supply and support services provided by the Working Capital Fund in 1987 includes:

Equipment services which own, operate, maintain, replace, and repair common use motor driven and similar equipment. This equipment is rented to administrative units, that is, National Forests, research experiment stations, and other units, and in some cases to the other agencies, at rates which recover the cost of operation, repair and maintenance, management, and depreciation. The rates also include an increment which provides additional cash which, when added to depreciation earnings and the residual value of equipment, provides sufficient funds to replace the equipment.

Aircraft services which operate, maintain, and repair Forest Service owned aircraft used in fire surveillance and suppression and in other Forest Service programs. The aircraft are rented to National Forests, research experiment stations, and in some cases to other agencies, at rates which recover the cost of depreciation, operation, maintenance, repair, and improvements in the airworthiness of the aircraft. Aircraft replacement costs are financed from either appropriated funds or the Forest Service Working Capital Fund, or a combination of both.

Supply services operate the following common services:

Photo reproduction laboratories which store, reproduce, and supply aerial photographs, aerial maps, and other photographs of National Forest lands. The photographic reproductions are sold to National Forests, experiment stations, and others at cost.

Sign shops which manufacture and supply special signs for the National Forests for use in regulating traffic and as information to the public and other users of the National Forests. The signs are sold to National Forests and experiment stations at cost.

Subsistence which prepare and serve meals to Forest Service crews working in areas where adequate public restaurant facilities are not available.

Nurseries which operate forest tree nurseries and cold storage facilities for storage of tree and seed stock and a seed extractory. Tree seed is procured, cleaned, bagged, and stored in refrigerated facilities. Tree and seed stock is sold to National Forests, States, and other Federal agencies at cost.

Object Classification (in thousands of dollars)

Identification code 12-4605-0-4-302		1985 actual	1986 est.	1987 est.
	Personnel compensation:			
11.1	Full-time permanent	16,937	16,833	16,029
11.3	Other than full-time permanent	5,783	5,748	5,463
11.5	Other personnel compensation	940	953	889
11.8	Special personal services payments	6	6	6
11.9	Total personnel compensation	23,666	23,540	22,387
12.1	Personnel benefits: Civilian	2,901	2,886	2,745
13.0	Benefits for former personnel	879	874	832
21.0	Travel and transportation of persons	386	493	500
22.0	Transportation of things	314	399	407
23.1	Standard level user charges	477	512	430
23.2	Rental payments to others	570	724	739
23.3	Communications, utilities, and miscellaneous charges	1,179	1,498	1,529
24.0	Printing and reproduction	17	22	22
25.0	Other services	11,645	14,796	15,098
26.0	Supplies and materials	18,765	23,840	24,327
31.0	Equipment	20,159	25,615	26,139
32.0	Lands and structures	90	114	116
41.0	Grants, subsidies and contributions	1	1	1
42.0	Insurance claims and indemnities	4	5	5
44.0	Refunds	11	14	14
99.9	Total obligations	81,064	95,330	95,291

Note.—Personnel totals are included with personnel totals of all other Forest Service programs.

Trust Funds

MISCELLANEOUS TRUST FUNDS

For expenses authorized by 16 U.S.C. 1643(b), $90,000 to remain available until expended, to be derived from the funds established pursuant to [16 U.S.C. 1643(b)] *the above Act. (Department of the Interior and Related Agencies Appropriations Act, 1986, as included in Public Law 99-190.)*

Program and Financing (in thousands of dollars)

Identification code 12-9973-0-7-999		1985 actual	1986 est.	1987 est.
	Program by activities:			
00.01	Cooperative work, KV	112,403	224,130	224,990
00.02	Construction and maintenance of other improvements	37,457	74,686	74,950
00.03	Gifts and donations	42	84	60
10.00	Total obligations	149,902	298,900	300,000
	Financing:			
	Unobligated balance available, start of year:			
21.40	Treasury balance	−420,569	−505,302	−361,585
21.40	U.S. securities (par)	−233	−200	−250
	Unobligated balance available, end of year:			
24.40	Treasury balance	505,302	361,585	259,241
24.40	U.S. securities (par)	253	250	300
39.00	Budget authority	234,660	155,180	197,706
	Budget authority:			
	Current:			
40.00	Appropriation	35	90	90

Certain Federal statutes specifically specify the Federal and State apportionment of certain collections, revenues, etc., which would be altered by implementation of the Gramm-Rudman-Hollings Act. Would you provide for the record:

7. Question: A list describing each such collection and the formula for its distribution, including its statutory authority.

A table for each distribution indicating by State the fiscal year 1986 distribution that would occur before and after sequester and the fiscal year 1987 distribution.

Answer: A listing of each collection, formula distributions and statutory authority is as follows:

Collection/Revenue Accts.	Formula Distribution	Statutory Auth.
	Funds Used by Federal (Forest Service)	
Acquisition of Lands for National Forests, Special Acts	Toiyabe NF $10,000/Ann.	Act of 6/25/38, as amended
	Cache NF	Act of 5/11/38, as amended
	Uinta-Wasatch NFS	Act of 8/26/35, as amended
	Angeles NF	Act of 6/11/40
	Cleveland NF	Act of 6/11/40
	San Bernardino & Cleveland NFs	Act of 6/15/38 as amended
Acquisition of Lands to Complete Land Exchange	None - N.F.	P.L. 90-171, Act of Dec. 4, 1967
Miscellaneous Trust Funds	None	P.L. 95-307, Act of June 30, 1978
Range Betterment Funds	None - N.F.	P.L. 94-579, Fed. Land Policy & Mgt. Act of 1976, as amended by P.L. 95-514 Public Rangelands Imp. Act of 1978
Working Capital Fund	None	Dept. of Agriculture Organic Act of 1956
Brush Disposal	None - N.F.	P.L. 64-190 of Aug. 11, 1916 as amended. Sec. 6 of the Act of April 24, 1950

Collection/Revenue Accts.	Formula Distribution	Statutory Auth.
Funds Used by Federal (Forest Service)		
Licensee Programs Smokey Bear & Woodsey Owl	None	P.L. 82-327 Act of May 23, 1952, as amended. P.L. 93-318, Act of June 22, 1974, as amended
Restoration of Forest Lands and Improvements	None - N.F.	P.L. 85-464 Act of June 20, 1958
Roads & Trails for States-National Forest Fund	10% of NFF receipts Transferred back to General Fund pursuant to P.L. 99-190	P.L. 62-430, Act of March 4, 1913
Timber Purchaser Roads Constructed by the Forest Service	None - N.F.	P.L. 94-588, Act of Oct. 22, 1976
Timber Salvage Sales	None - N.F.	P.L. 94-588, Act of Oct. 22, 1976
Tongass Timber Supply Fund	None - Tongass N.F.	P.L. 96-487, Act of Dec. 2, 1980
Operation & Maintenance of Quarters	None - N.F.	P.L. 98-473 (5 U.S.C. 5311 note)
Cooperative Work Knutson-Vandenberg	None - N.F.	P.L. 71-319, Act of June 9, 1930, as amended
Cooperative Work Other	None - N.F.	Various Public Laws
Restoration Trust Fund	None - N.F.	P.L. 46-951, Act of Oct. 4, 1980, as amended
Funds Used by Other Than Federal		
Payments to Minnesota	.75 percent of the appraised value of certain Superior NF lands located in Cook, Lake, and St. Louis counties	P.L. 71-539, Act of July 10, 1930 as amended by P.L. 95-495
Payments to Counties National Grasslands	25% of revenues received returned to counties in which Grasslands are located. For funding schools & roads only	P.L. 75-210, Act of July 22, 1937, as amended

Collection/Revenue Accts.	Formula Distribution	Statutory Auth.
Funds Used by Federal (Forest Service)		
Payments to States National Forest Fund	25% of revenues received paid to States in which National Forests are located. For funding schools & roads only	P.L. 60-136, Act of May 23, 1908 as amended

For more detailed description of above accounts refer to pages 251 through 304 of the 1987 Explanatory Notes for the Forest Service.

The only distribution to the States and counties are those shown on pages 284 and 291 of the 1987 Explanatory Notes. See the attached FY 1986 Payments to Minnesota counties and the Payments to States, which were made prior to sequestration.

The Payments to Counties under 7 U.S.C. 1012 has not been made as yet. We will have to provide you that data later in March. No estimates are available by State for the FY 1987 payments. These estimates are normally made the first part of June each year.

RUN DATE: 12/13/85 PAGE: 1

PAYMENTS TO STATES FROM NATIONAL FOREST RECEIPTS
FISCAL YEAR 1985
OCT 1,1984 THRU SEP 30,1985
---------STATE SUMMARY---------

QTR: 4 ASR-10-1

STATE	FY-85 NF ACRES	PAYMENT ACT OF 5/23/08	PAYMENT ACT OF 6/22/48	TOTAL PAYMENT	PAYMENT PER ACRE
ALABAMA	646,473	1,625,255.50		1,625,255.50	2.51
ALASKA	22,842,205	89,462.44		89,462.44	
ARIZONA	11,222,274	4,187,260.26		4,187,260.26	.37
ARKANSAS	2,480,355	5,233,489.71		5,233,489.71	2.11
CALIFORNIA	20,452,630	36,085,848.82		36,085,848.82	1.76
COLORADO	13,823,585	2,580,204.91		2,580,204.91	.19
FLORIDA	1,099,121	2,853,572.52		2,853,572.52	2.60
GEORGIA	857,883	877,752.10		877,752.10	1.02
IDAHO	20,380,728	7,805,487.12		7,805,487.12	.38
ILLINOIS	262,691	96,295.31		96,295.31	.37
INDIANA	187,914	207,478.81		207,478.81	1.10
KENTUCKY	680,410	430,697.58		430,697.58	.63
LOUISIANA	599,017	2,406,392.93		2,406,392.93	4.02
MAINE	47,283	32,541.44		32,541.44	.69
MICHIGAN	2,762,962	1,115,267.72		1,115,267.72	.40
MINNESOTA	2,804,831	902,861.84	716,015.01	1,618,876.85	.58
MISSISSIPPI	1,147,042	6,369,959.83		6,369,959.83	5.55
MISSOURI	1,457,206	1,341,933.59		1,341,933.59	.92
MONTANA	16,798,274	5,856,618.49		5,856,618.49	.35
NEBRASKA	257,369	35,196.14		35,196.14	.14
NEVADA	5,160,396	290,200.43		290,200.43	.06
NEW HAMPSHIRE	705,798	485,749.58		485,749.58	.69
NEW MEXICO	9,185,599	1,576,568.93		1,576,568.93	.17
NEW YORK	13,232	4,416.70		4,416.70	.33
NORTH CAROLINA	1,216,476	918,510.71		918,510.71	.76
NORTH DAKOTA	796	24.05		24.05	.03
OHIO	177,977	192,524.24		192,524.24	1.08
OKLAHOMA	248,965	716,941.87		716,941.87	2.88
OREGON	15,057,897	94,566,445.19		94,566,445.19	6.28
PENNSYLVANIA	510,588	1,885,471.29		1,885,471.29	3.69
SOUTH CAROLINA	610,954	2,697,687.36		2,697,687.36	4.42
SOUTH DAKOTA	1,134,206	686,475.66		686,475.66	.61
TENNESSEE	626,748	475,741.57		475,741.57	.76
TEXAS	634,222	2,638,854.18		2,638,854.18	4.16
UTAH	7,990,710	723,354.27		723,354.27	.09
VERMONT	297,265	106,895.95		106,895.95	.36
VIRGINIA	1,635,566	585,522.37		585,522.37	.36
WASHINGTON	10,616,511	21,372,218.33		21,372,218.33	2.01
WEST VIRGINIA	977,139	491,263.62		491,263.62	.50
WISCONSIN	1,505,528	620,478.54		620,478.54	.41
WYOMING	8,682,764	991,652.92		991,652.92	.11
PUERTO RICO	27,846	14,564.88		14,564.88	.52
GRAND TOTAL:	187,627,436	212,241,139.70	716,015.01	212,957,154.71	1.13

GENERAL QUESTIONS

8. Question: Under the revised BLM-Forest Service interchange proposal, what would be the cost of the interchange during the first year authorized? What are the projected savings in the out years?

Answer: The total cost of the interchange for the first year (Forest Service and the Bureau of Land Management) is estimated to be $8.5 million. The costs of implementing interchange over the 5-year period following enactment is estimated to be $21-$24 million.

The proposal now before Congress projects a savings to the Government for the first 5 years after enactment of $53-$56 million. Annual savings after full implementation would be $13-$15 million.

QUESTIONS SUBMITTED BY
SENATOR JOHN WARNER

I remain keenly interested in P.L. 98-586, the Virginia Wilderness bill which specified additional lands to be brought into the wilderness protection system. As you know, this legislation required a two-year air quality study by the Forest Service of the designated areas for further study.

9. Question: Can you give me the status of the air study?

Answer: The two year study began near the end of FY 1985 and was estimated to take two field seasons to complete at an estimated cost of $640,000. The study report was scheduled to be completed in early 1988 depending on funding levels.

Funding was provided in the FY 1986 President's Budget at $300,000. However, under the continuing resolution, work progressed at the 1985 level of $40,000, which remains our current estimate for 1986. The FY 1987 President's Budget includes $200,000. Near the end of FY 1987 we will reestimate the remaining work necessary to complete the study.

We are currently collecting information about meteorology and visibility. Soils and geological information is available and will be analyzed.

The mid-Atlantic states suffered severe flood damage in November, 1985. As a result, many hiking trails, campgrounds, and other recreational areas within the Jefferson National Forest and the George Washington National Forest in Virginia were destroyed.

10. Question: Other than the emergency funding providing by the Federal Highway Administration for road repairs within the forests, what additional funding is provided to these forests to restore these damaged areas? I am aware that the Monongahela National Forest in West Virginia received additional funds for this purpose.

Answer: The 1987 President's Budget provides no funding for flood damage repair. We plan to spend $265,900 on the Parsons Laboratory in West Virginia and $1,194,100 on the Monongahela National Forest in FY 1986.

I have been following closely the public comment periods for the management plans for the forests within my state. There has been severe objection to the number of acres identified for clearcutting and timber harvesting. This objection has been so great that the George Washington National Forest had to develop another preferred alternative.

11. Question: Can you tell me what percentage of our National Forests are identified for clearcutting in the next 10 years, and how much revenue will this raise for the Federal government?

Answer: There are two National Forests in Virginia, the George Washington and the Jefferson.

The George Washington National Forest is 1,055,525 acres, of which 1,045,806 acres are forested. In the draft forest plan, there are 57,000 acres scheduled for clearcutting in the next decade, out of 67,000 total acres scheduled for harvest. This represents 5.45% of the forested land, or about one-half of one percent per year. At current selling values (FY 1985), estimated revenue would equal $10.5 million from these clearcut acres.

The Jefferson National Forest is 690,000 acres, of which 676,223 are forested. In the forest plan, which is final, there are 25,150 acres scheduled for clearcutting in the next decade, out of 35,050 total acres scheduled for harvest. This represents 3.72% of the forested land, or less than one-half of one percent per year. At current selling values (FY 1985), estimated revenue would equal $3.2 million from these clearcut acres.

The FY 1987 budget reflects a termination of the Cooperative Pest Action Program and cooperative insect and disease suppression projects.

12. Question: What effects will this have on the Forest Service's efforts to control and eradicate the gypsy moth that has been destroying our National Forests on the East Coast and has been present in the George Washington National Forests in the past few years?

Answer: The President's Budget for FY 1987 provides funds for suppressing insects and diseases causing the most severe damage on Federal lands. These funds may also be used on State and private lands where Federal suppression projects include intermingled State and private lands as part of a biologically sound treatment unit.

As indicated on page 339 of the 1987 Explanatory Notes, $350,000 was the estimated need in FY 1987 for gypsy moth control on Federal lands. We believe that this amount will be adequate for suppressing gypsy moth on Federal lands in those areas where severe damage would be expected to occur if left untreated.

The President's Budget does not include Federal financial assistance for the Cooperative Forest Pest Action Program and cooperative State and private insect and disease suppression projects. However, it is anticipated that the States will have the technical and financial resources necessary to deal with pest outbreaks, including the gypsy moth, on State and private lands in FY 1987.

Additionally, we believe that the elimination of Federal financial assistance to the Northeastern States in dealing with the current gypsy moth outbreak will have minor impact on our efforts to control the spread of gypsy moth on National Forest System and other Federal lands in FY 1987.

13. Question: What is the current backlog of properties identified for acquisition, in acreage and estimated price, by the Forest Service?

Answer: The following listing displays the properties within the National Forests that have been identified as tracts that could be acquired within the indicated areas:

BACKLOG OF L&WCF ACQUISITION NEEDS

Management Area	Acres	Acquisition Cost (dollars in thousands)
National Recreation Areas		
Arapaho (CO)	762	$ 2,425
Flaming Gorge (UT & ID)	20,140	2,473
Hells Canyon (OR & ID)	4,596	3,306
Mt. Rogers (VA)	7,732	6,226
Sawtooth (ID)	7,990	26,800
Spruce Knob-Seneca Rocks (WV)	28,367	18,795
Oregon Dunes (OR)	853	1,321
Whiskeytown-Shasta-Trinity (CA)	239	471
Rattlesnake (Wilderness, MT)	1,877	318
Cascade Head SRA (OR)	92	497
Mount St. Helens NVM (WA)	633	48
National Wild and Scenic Rivers		
Middle Fork of the Feather (CA)	1,580	4,068
Middle Fork of the Clearwater (ID)	403	944
Flathead (MT)	5,043	13,861
Illinois (OR)	1,583	2,544
Middle Fork of the Salmon (ID)	1,716	4,000
North Fork American (CA)	4,517	850
Eleven Point (MO)	4,415	2,458
Rogue (OR)	92	380
Skagit (WA)	4,382	11,334
Pere Marquette (MI)	1,100	1,100
Main Salmon (ID)	1,113	4,700
St. Joe (ID) 1/	---	1,000
National Trails		
Appalachian	12,953	4,410
Pacific Crest	1,160	960

Wilderness		
Alpine Lakes (WA)	124	50
Boundary Waters Canoe Area (MN)	2,249	4,186
Frank Church-River of No Return (ID)	6,813	3,900
Nantahala (NC)	400	446
White River (CO)	1,472	1,430
Other Wilderness 2/	88,403	92,218
Lake Tahoe Basin (CA & NV)		
Other Than Santini-Burton	2,460	1,700
Santini-Burton (P.L. 94-586)	2,000	45,000
Endangered Species	11,000	9,500
Endangered Species (CA)	1,572	2,185
Endangered Species (MI)	510	617
Columbia River Gorge	633	1,856
Inholdings 3/	300,000	300,000
National Forest Composites 3/	1,000,000	$ 1,000,000
Totals	1,530,974 acres	$ 1,578,377

1/ Pending a suit by mining claimants and resulting possible awards.

2/ These figures are adjusted as new areas are added to the Wilderness System and Threatened and Endangered Species are listed.

3/ Current estimates which will be updated when the forest land management plans are completed.

QUESTIONS SUBMITTED BY
SENATOR FRANK MURKOWSKI

14. Question: You have proposed to terminate seven Research Work Units and to close four Research locations. What was the criteria used to identify which units and locations would be terminated or closed?

Answer: The research mission of approximately 20 percent of the Research Work Units are reevaulated each year. The relative priority among alternative new research missions is then evaluated. That reevaluation of research priorities, in combination with the consideration of the budgetary context, affects the selection of a new research mission and the determination of which Research Work Units are proposed for termination. The criteria used to determine which Research Work Units are proposed for termination include:

1. The relative importance and timeliness of the research issues being addressed by the Research Work Unit.

2. The status of the research within the Research Work Unit, particularly whether the research is reaching a reasonable completion point.

3. The desire to retain a well balanced program of research expertise that is capable of responding to research issues that are likely to emerge in the future.

4. The need to apply a critical mass of research resources to each issue that is retained in the research program, thus avoiding fragmentation of the research program which would be characterized by inadequate research resources applied to an excessively wide range or topics.

5. Whether the research issues are being addressed by some other research organization that is equally well, or in some cases better suited to address the issue.

In addition to the criteria used to determine which Research Work Units are proposed for termination, the following criteria are used to determine which research locations are proposed for closure:

1. The need to apply a critical mass of research activity at each retained Forest Service research location. Many research issues can only be successfully addressed with a considerable concentration of research effort at one location.

2. The balance between the fixed cost of facility maintenance versus the funds available for salaries and scientific operating budgets is continually monitored. As real funding declines, it becomes necessary to propose location closures to maintain an efficient cost balance and to maintain a productive critical mass of research activity at the remaining locations.

3. Some research issues can be addressed from a number of different locations. Those issues that can be addressed from different locations are often considered for location closures and reallocation of residual funding to another location where the highest priority portions of the original research mission can be continued.

15. Question: Please provide a detailed breakdown of the individual programs and items which will be impacted by the reduction in the Tongass Timber Fund budget.

Answer:

Tongass Timber Supply Fund

	1985	1986	1987
	(Dollars in thousands)		
Timber sales preparation 1/......... $	10,459	8,919	9,885
MMBF	(450)	(424)	(424)
Timber sales administration .... $	3,241	3,206	3,530
Timber support .... $	2,537	2,846	3,376
Reforestation .... $	565	182	138
Acres	363	140	--
Timber stand improvement .... $	2,359	3,802	3,423
Acres	8,269	7,800	6,300
Facilities construction. $	2,516	1,921	1,223
Road construction ...... $	14,718	16,236	11,436 4/
Miles	45.0	80	33
Engineering support .... $	11,534	12,615	10,729
Research .... $	2,044	2,075	2,075
TOTAL, Tongass timber supply fund	49,973	51,802	45,815
Purchaser road construction 2/........ $	(15,200)	(18,328)	(30,268)
Miles	47.9	121	193
Ref/TSI (K-V) 3/........ $	401	435	569
Acres	836	870	1,003
TOTAL .... $	50,374	52,237	46,384

1/ Includes timber management planning and silvicultural examinations.

2/ Timber purchaser road construction is an off-budget line item that is not reflected in totals. Figures in parentheses indicate dollar limitations set for purchaser construction, which are reflected in the Construction appropriation limitation.

3/ Not included in the Tongass Timber Supply Fund appropriation, but under K-V Trust Funds.

4/ Includes $4.3 million for augmenting timber purchaser road construction to timber stands of a quality not anticipated in the Forest plan. Mileage is included under Purchaser Road Construction.

16. Question: What is the projected total reduction in Forest Service budget for the Alaska region?

Answer: The FY 1987 field distributions have not been finalized. However, using preliminary data for the initial allocations to the field, the best estimate is that the total budget for the Alaska will be reduced from $73.9 million in FY 1986 to $66.8 million in FY 1987. This is a reduction of $7.1 million, or 11 percent. These figures include appropriated funds, the Tongass Timber Supply Fund and Knutson-Vandenberg funds. The figures do not include Washington Office Support costs or the Pacific Northwest Station (State and Private Forestry).

QUESTIONS SUBMITTED BY
SENATOR DANIEL EVANS

MT. ST. HELENS NATIONAL VOLCANIC MONUMENT

In 1982, Congress established the Mt. St. Helens NVM. In 1984, Congress provided funds to construct a visitors center. The visitors center should be completed by May 1986. In the Continuing Resolution for FY 1986, Congress provided $330,000 for trails and provided that $9,915,000 for road construction be derived from the Federal Highway Trust Fund.

17. Question: Please inform me of additional funding need through FY 1990 to complete visitor facilities for the Mt. St. Helens NVM. How much will be needed in FY 1987 for road and trail construction and operation and maintenance of the Monument?

Answer: The 1987 President's Budget provides for $4,900,000 in recreation construction, primarily for rehabilitation and reconstruction of existing facilities throughout the National Forest System.

No recreation construction funding is requested for Mt. St. Helens National Monument, because this project is a low priority.

In his document, "Five-Year Basic budget for the Mount St. Helens National Volcanic Monument 1986 to 1991," the Forest Supervisor outlined an unconstrained schedule of capital investment. For FY 1987, this schedule called for $470,000 in recreation construction with $152,000 in supporting road construction for these projects. Total road construction was estimated at $8,295,000 and trail construction at $415,000. Recreation operation and maintenance was projected to be $1,061,000. The information from this report follows:

Mount St. Helens National Volcanic Monument
(dollars in thousands)

Description	FY 1986	FY 1987	FY 1988	FY 1989	FY 1990
Fire Management	24	22	22	27	27
Recreation operation and maintenance	1,046	1,061	1,116	1,136	1,186
Wildlife	84	63	63	68	73
Watershed	58	125	131	133	133
Lands	48	48	53	63	68
Cooperative Law	130	120	120	130	130
Road Maintenance	810	466	340	410	460
Trail Maintenance	98	103	113	123	133
Recreation Construction	561	470	422	5,072	531
Road Construction	10,142	8,295	1,796	1,280	240
Trail Construction	330	415	360	300	280
Fire, Administrative and Other Construction	0	1,570	598	1,716	385
Grand Total	13,331	12,758	5,134	10,458	3,646

The Corps of Engineers constructed the Spirit Lake Tunnel at Mt. St. Helens to maintain the water level at Spirit Lake. I understand that the U.S. Forest Service currently has operation and maintenance responsibilities for the tunnel.

18. Question: Do you believe the Forest Service is the appropriate agency to operate and maintain the tunnel? If not, please provide the justification for the Corps of Engineers to assume this responsibility. What are the anticipated annual operation and maintenance costs of this facility?

Answer: The Forest Service is to assume operation and maintenance responsibilities (O&M) for the Spirit Lake tunnel, Castle Lake, and the Coldwater Lake outlet channels by the end of FY 1986. The Corps of Engineers built these facilities and would be the logical agency to operation and maintain them--except they have no legal authority to do this. They constructed these facilities under Public Law 84-99 (33 U.S.C., Section 701n) which provides for response to an emergency.

The main purpose of these facilities is to protect life and property downstream outside the Forest boundary.

Because the Corps has the technical expertise and the familiarity with these facilities, the Forest Service is in the process of consummating an Interagency Agreement whereby the Corps will do the O&M work, and the Forest Service will reimburse the Corps. We will meet annually to agree on the work that needs to be done and the cost.

Preliminary estimates indicate this work could run as high as $100,000 for 1987 since there are substantial repairs necessary for the tunnel due to spalling rock during its first year of operation. The cost may be somewhat less on a recurring basis, but periodically, major repairs may be necessary for the 8,500-foot long tunnel. The open channel outlets for Coldwater Lake and Castle Lake also show some signs of distress (local piping) and may eventually require major repairs.

The Forest Service would endorse the assignment of this responsibility permanently to the Corps rather than retain the Corps via the Interagency Agreement, but this would require special legislative authority.

FOREST SERVICE LEGISLATIVE INITIATIVES

The Forest Service budget request assumes passage of legislation to change sharing of timber receipts from a gross receipts to net receipts. The budget request also assumes adoption of legislation to effectuate the so-called Forest Service - BLM land interchange.

19. Question: The Administration proposed both changes in its budget request for FY 1986. Please compare and contrast the proposals in the FY 1987 budget request with those of the previous year.

Under the current land interchange proposal, what are the projected savings in the out years? What would be the total cost of the interchange, assuming it is implemented as proposed?

Answer:

NET RECEIPTS

The President's FY 1986 budget referenced a Net Receipts initiative whereby the costs of generating receipts from the management of the National Forest resources would be deducted from the receipts before applying the receipts-sharing percentage. For FY 1986, it was estimated that $31 million would have been shared with the States had the Net Receipts initiative been enacted.

The President's FY 1987 Budget has a Net Receipts proposal whereby the Federal cost incurred in generating the receipts would be deducted from the gross receipts before sharing the remainder according to current formulas with State and local governments. Recreation and grazing fees would still be shared on a gross receipts basis. For FY 1987, it is estimated that $85 million would be shared with the States and local governments if this initiative is enacted. The current Net Receipt proposal would apply to all National Forest System lands (Forests and Grasslands).

FOREST SERVICE/BUREAU OF LAND MANAGEMENT INTERCHANGE

The FY 1987 budget request reflects the continued development and refinement of the broad concept of interchange presented in the FY 1986 budget request. The proposal, first announced in late January 1985, called for the interchange of about 35 million acres of the Bureau of Land Management (BLM) and Forest Service administered lands throughout the United States.

Following the announcement, many meetings were held with various groups and individuals to develop a refined proposal which was presented to the public in early June. That proposal was to exchange about 34 million acres and to transfer minerals management authority to the Forest Service on over 200 million acres within its area of jurisdiction. During June, the agencies conducted 30 public hearings and a 30-day public comment period. Public comment was analyzed and considered, and consultations were held with members of Congress from key committees and affected States.

The final interchange proposal, which would transfer about 24 million acres of surface management and minerals authority on 204 million acres, was delivered to Congress on February 18, 1986.

This final proposal represents an evolutionary process, reflecting congressional consultations and public comment, rather than being a proposal different from that presented in the FY 1986 budget.

The proposal now before Congress projects a savings to the Government for the first 5 years after enactment of $53-$56 million. Annual savings after full implementation would be $13-$15 million.

The costs of implementing interchange over the 5-year period following enactment is estimated to be $21-$24 million.

PAYMENTS TO STATES

20. Question: At what level do you proposed to deduct the costs of producing timber from receipts? Will they be deducted at the national level, by region, or by each National Forest?

Answer: No decision has yet been made on the level at which costs would be deducted from receipts. We are presently looking at all three levels with emphasis being placed at the Forest level. At this time no proposal has been prepared for submission to the Congress. We are analyzing data and considering administrative/operational constraints that may influence how costs and receipts are handled.

RECEIPTS FROM TIMBER SALES

The Department of Interior budget request anticipates a $27.6 million increase in timber receipts from BLM lands over the amount to be received in FY 1986. The budget request states that "the increased receipt estimates for FY 1986 and 1987 largely reflect the anticipated harvest of high-bid timber sales purchased before January 1, 1982, with expiration dates extended by Executive Order through 1989. These are sales that were not bought out under provisions of the 'Federal Timber Contract Payment Modification Act' (P.L. 98-478)."

21. Question: The U.S. Forest Service sold a much greater number of "high-bid timber sales" prior to January 1, 1982 than did the BLM. Yet the Forest Service Budget Request shows a decrease in receipts in FY 1987 from the previous fiscal year. How do you account for this discrepancy?

Answer: Receipts from the harvest of timber in fiscal year 1987 will be larger than those in fiscal year 1986 when the one time receipts of $159.5 million, from sales bought out under the Federal Timber Contract Payment Modification Act, are subtracted from the 1986 estimate. About 9.7 billion board feet from 1,597 timber sales was bought out for charges amounting to $172 million. About 93 percent of the buy-out charges or $159 million dollars is what we estimate will be paid in 1986.

Receipts from the harvest of timber will be about $643 million in 1986 compared with $498.5 million for 1985 and about $715.7 million for 1987. That amounts to an annual increase of 29 percent in 1986 and 11 percent in 1987.

1986 SEQUESTRATION

22. Question: The FY 1987 Budget Request shows a reduction of $7,806,000 for timber sales administration and management as a result of the sequestration order for FY 1986. What effect will the sequestration order have on the timber sales program? Please provide reductions in volume by region.

Answer:

Timber Sales Program with Sequestration Adjustments
(million board feet)

Region	1986 Final Appropriation	1986 Adjusted for Sequestration
1	1,050	1,005
2	400	363
3	440	421
4	400	383
5	1,550	1,483
6	5,200	4,976
8	1,236	1,183
9	720	689
10	434	415
Total	11,430	10,938

HOUSING STARTS ASSUMPTIONS

23. Question: On what housing start assumptions are your timber sale program based?

What are the housing starts estimates of the Wharton School of Econometrics and Data Resources, Inc. for the same periods?

Please compare and contrast the housing start estimates on which you based your last three years' budgets with actual housing starts for the same period.

If housing starts have been overestimated in previous years, have road construction needs also been overestimated?

Answer: We base our timber sale harvest volume on the latest available OMB housing start projection. The timber sale offer volume is based on funding constraints, land management plans, volume under contract, insect and disease, and other considerations.

The Wharton Econometric Model makes projections in March. We tried to compare OMB, Wharton and Data Resources, Inc. projections made on similar dates.

The comparison of housing starts projections to actual housing starts follows:

Millions of Housing Starts

	OMB Projections		Wharton Projections		DRI Projections		
Year	Date	Starts	Date	Starts	Date	Starts	Department of Commerce Actual Starts
1983	4/82	1.40 1/	3/82	UNK	4/82	1.47	1.71
1984	4/83	1.70	4/83	1.88	4/83	1.70	1.76
1985	4/84	2.00	3/84	1.57	4/84	1.63	1.74
1986	4/85	1.80	3/85	1.73	4/85	1.72	---
1987	12/85	1.95	12/85	1.86	12/85	1.98 2/	---

Each Region projects their road construction needs based upon the amount of timber to be offered in the current fiscal year and out into the future. The type of roads and the number of miles to be built are directly related to the individual National Forest land and resource management plans. These estimates are not based upon any other outside factors. The estimated costs of construction for these roads is based upon the latest economic factors and projections at the time the budget is developed.

1/ OMB did not make a spring projection. This was a Forest Service projection.

2/ The latest DRI projection, 1.98 million units, was made in February 1986.

ROAD CONSTRUCTION NEEDS

The Explanatory Notes for the Forest Service Budget Request state that the timber sales level provided for the reoffering of 2.6 billion board feet of timber sales turned back as a result of the Federal Contract Payment Modification Act.

24. Question: Of this amount, how much is accessed by roads wholly or partially completed?

Answer:

Total Reoffer Volume	Volume with Roads Completed	Volume with Roads Partially Completed	Volume with No Road Work Completed
	(billion board feet)		
2.600	1.636	0.616	0.348

The data is estimated and subject to modification based on the development of final timber sale plans for FY 1987.

MULTI-SALE EXTENSION PLAN

Please inform me of the number of multi-sale extension plans filed under the President's Executive Order allowing for extension of sales made prior to January 1, 1982.

25. Question: How much timber will be harvested under these plans? How much revenue do you expect from these sales?

Answer: Purchasers had to file multi-sale extension plans (MSEP's) by February 15, 1984, in order to take advantage of the five year contract extensions. About 450 purchasers, of whom about 340 qualified as small businesses, filed timely MSEP's. About 1,850 contracts with 14.3 million board feet of National Forest timber were planned for extension. Stumpage rate adjustment provisions apply to much of this timber, so it is difficult to estimate the contract receipts. We expect about $2.8 billion from these sales.

Recent events have affected the amount and value of timber in the MSEP program. Many purchasers bought out sales in their multi-sale extension plans under terms of the Federal Timber Contract Payment Modification Act. Several plaintiffs in the North Side Lumber Co. vs. Block et al suit signed settlement agreements. These purchasers are now eligible to file MSEP's. Local Forest Service review of the plans affected by these changes is currently underway.

OLYMPIC NATIONAL PARK - NATIONAL FOREST BOUNDARY ADJUSTMENT

The Forest Service and the Park Service have negotiated a boundary adjustment for the Olympic National park. The adjustment would place certain boundaries of the National Park along hydrographic divides and would result in more efficient management of both the Olympic National Park and the Olympic National Forest. The resulting land exchange would transfer 1,954 acres from the National Forest to the National Park and 1,236 acres from the National Park to the National Forest. The boundary adjustment would result in a net gain of 718 acres for the National Park. The proposal appears to have the support of environmentalists and the timber industry.

26. Question: The Environmental Assessment and public comment period for the boundary adjustment proposal have been completed. Would you support legislation to authorize the boundary adjustment?

    Answer: The Forest Service concurs with the need for this boundary adjustment, and realizes that legislation is necessary before a change in jurisdiction of these lands could be made between the National Park Service and the Forest Service.

FOREST SERVICE FINANCING AND MANAGEMENT

Forest Service programs are funded through appropriations. Revenues produced from Forest Service activities are deposited in the General Fund of the U.S. Treasury. There is no relation between revenues produced and the cost of production.

In 1972, Senator Sparkman introduced legislation to provide in part for funding of the National Forest System through receipts from the sale of forest products and other revenue produced from the National Forest System. In 1972, Senator Hatfield introduced similar legislation. The Sparkman bill declared that "to achieve the goals of improved management of our forests requires an assured source of adequate funds."

27. Question: Do you agree that funding of USFS activities from its revenues could lead to more responsible forest management?

    Answer: No. We favor the budget process. We believe our current forest management, as in the past, reflects responsible land and resource management practices. These practices will, however, be sharpened somewhat as our final land management plans come on line and we begin to implement the standards and guidelines contained in the plans.

    We agree with the quotation cited in the Sparkman bill--"To achieve the goals of improved management of our forests requires an assured source of adequate funds." Funding the National Forest system from revenues would not assure a source of adequate funds. The Sparkman proposal to fund part of the National Forest System from receipts would be similar to what we now do with the Knutson-Vandenberg (KV Reforestation and Timber Stand Improvement) and Brush Disposal (BD) which are funded from a portion of the receipts.

Also, on May 7, 1981, Senator Baucus introduced Bill No. S.1141 to establish the National Forest Investment Fund. We did not support this bill. In field hearing testimony, the Forest Service testified that "If the program is a high priority need, it should receive favorable consideration in the normal budgeting process. The Administration, therefore, opposes enactment of S.1141."

QUESTIONS SUBMITTED BY
SENATOR J. BENNETT JOHNSTON

28. Question: How much money is requested in the FY 1987 budget for pine beetle research, control, and eradication nationwide? How much for Louisiana?

Answer: The USDA FY 1987 budget includes $888,000 for research on the southern pine beetle. This consists of $815,000 for the Forest Service and $73,000 for Cooperative State Research Service. The budget also includes an estimated $2,500,000 to be expended for southern pine beetle control. There are no funds included for eradication, because it is not considered an attainable goal.

Southern pine beetle research is conducted at several research locations. The findings are equally applicable to the entire range where southern pine beetle is a major problem, including the state of Louisiana. Of the estimated amount needed for control, approximately $500,000 will be used to treat southern pine beetle outbreaks on National Forest System lands in Louisiana.

29. Question: What is the status of the court-ordered EIS on the pine beetle program? When will it be completed? How much money is in the budget for preparing this EIS?

Answer: The Environmental Impact Statement (EIS) for the southern pine beetle program in the South is being prepared. Unexpected problems in data and policy analyses have delayed progress but we anticipate that a draft will be available for public comment within 90 days.

Funds are not specifically identified in the budget for EIS preparation. Financial and staff resources from the affected programs are employed in meeting the expenses of preparing an EIS. Although a precise figure on the cost of the southern pine beetle EIS is difficult to determine at this point, we estimate that the final cost will be in the range of $500,000 to $700,000.

30. Question: Do you currently have the authority to "borrow" from the Land and Water Conservation Fund in advance of the enactment of legislation raising Forest Service user fees? If so, please cite the specific legislation authority.

Answer: The Forest Service has no authority to borrow from the Land and Water Conservation Fund (L&WCF). In our proposed legislation for Operation and Maintenance of Recreation Facilities, we will request a one time authorization to appropriate from L&WCF.

QUESTIONS SUBMITTED BY
SENATOR DALE BUMPERS

COOPERATIVE LAW ENFORCEMENT

The Cooperative law enforcement program reimburses state and local law enforcement agencies for expenses associated with protecting the public and their property on National Forests. The FY 1987 budget request reflects a $4.5 million reduction in funding for this program.

31. Question: Won't this drastic reduction of the cooperative law enforcement program jeopardize the safety of the public in general and Forest Service personnel in the performance of their official duties? Explain.

    How will this reduction effect the numerous small law enforcement entities scattered throughout the country who are dependent on these additional funds?

    Answer: The reduction in funding will have some effect on our ability to help local communities with expenses for cooperative law enforcement. Priority will be given to those areas where the number of visitors to the National Forests equals or exceeds the resident population, which is often in remote geographical areas. Cooperative law enforcement funds will be made available to these local agencies to maintain a minimal program.

    Large numbers of illegal cannabis plantations (the sources of marijuana) have been detected on National Forests. The accidental entry into these areas poses a serious threat to visitors. The current program provides $2 million for cannabis detection, investigation, and eradication. Because of the potential hazard to the general public and Federal employees, as well as the illegal aspect of the cultivation of cannabis, emphasis will be maintained on the removal of the plantations from Forest Service lands.

    The counties receive Payments in Lieu of Taxes (PILT) which at least partly compensates them for the services the public demands on Federal lands.

    It is anticipated that local county governments will program funds from PILT to meet these law enforcement needs.

PAYMENTS TO STATES

The FY 1987 budget request assumes passage of proposed legislation that would change the program basis from receipts sharing to a net receipt basis. I understand that, within certain limits, the Forest Service payments to States and counties offset other payments under the Payments-in-Lieu-of-Taxes (PILT) program.

32. Question: How much does each State receive from each program current law? How will the proposed change in receipts distribution affect the amount received by each State?

    Answer: See the attached Forest Service Payments based on receipts for FY 1985 and PILT Payments based on formula by the Bureau of Land Management.

    The details of the proposed change in receipts sharing are still be worked out; therefore a State comparison is not available at this time.

RUN DATE: 12/13/85

PAYMENTS TO STATES FROM NATIONAL FOREST RECEIPTS
FISCAL YEAR 1985
OCT 1,1984 THRU SEP 30,1985
---------STATE SUMMARY---------

PAGE: 1

QTR: 4

ASR-10-1

STATE	FY-85 NF ACRES	PAYMENT ACT OF 5/23/08	PAYMENT ACT OF 6/22/48	TOTAL PAYMENT	PAYMENT PER ACRE
ALABAMA	646,473	1,625,255.50		1,625,255.50	2.51
ALASKA	22,842,205	89,462.44		89,462.44	
ARIZONA	11,222,274	4,187,260.26		4,187,260.26	.37
ARKANSAS	2,480,355	5,233,489.71		5,233,489.71	2.11
CALIFORNIA	20,452,650	36,085,848.82		36,085,848.82	1.76
COLORADO	13,623,585	2,586,204.91		2,586,204.91	.19
FLORIDA	1,099,121	2,853,572.52		2,853,572.52	2.60
GEORGIA	857,883	877,752.10		877,752.10	1.02
IDAHO	20,380,728	7,805,487.12		7,805,487.12	.38
ILLINOIS	262,691	96,295.31		96,295.31	.37
INDIANA	187,914	207,478.81		207,478.81	1.10
KENTUCKY	680,410	430,697.58		430,697.58	.63
LOUISIANA	599,017	2,406,392.93		2,406,392.93	4.02
MAINE	47,283	32,541.44		32,541.44	.69
MICHIGAN	2,762,962	1,115,267.72		1,115,267.72	.40
MINNESOTA	2,804,831	902,861.84	716,015.01	1,618,876.85	.58
MISSISSIPPI	1,147,042	6,369,959.83		6,369,959.83	5.55
MISSOURI	1,457,206	1,341,933.59		1,341,933.59	.92
MONTANA	16,798,274	5,856,618.49		5,856,618.49	.35
NEBRASKA	257,369	35,196.14		35,196.14	.14
NEVADA	5,160,396	290,200.43		290,200.43	.06
NEW HAMPSHIRE	705,798	485,749.58		485,749.58	.69
NEW MEXICO	9,185,599	1,576,568.93		1,576,568.93	.17
NEW YORK	13,232	4,416.70		4,416.70	.33
NORTH CAROLINA	1,216,476	918,510.71		918,510.71	.76
NORTH DAKOTA	796	24.05		24.05	.03
OHIO	177,977	192,524.24		192,524.24	1.08
OKLAHOMA	248,965	716,941.87		716,941.87	2.88
OREGON	15,057,897	94,566,445.19		94,566,445.19	6.28
PENNSYLVANIA	510,588	1,885,471.29		1,885,471.29	3.69
SOUTH CAROLINA	610,954	2,697,687.36		2,697,687.36	4.42
SOUTH DAKOTA	1,134,206	686,475.66		686,475.66	.61
TENNESSEE	626,748	475,741.57		475,741.57	.76
TEXAS	634,222	2,638,854.18		2,638,854.18	4.16
UTAH	7,990,710	723,354.27		723,354.27	.09
VERMONT	297,265	166,895.95		166,895.95	.56
VIRGINIA	1,635,566	585,522.37		585,522.37	.36
WASHINGTON	10,616,511	21,372,218.33		21,372,218.33	2.01
WEST VIRGINIA	977,139	491,263.62		491,263.62	.50
WISCONSIN	1,505,328	620,478.54		620,478.54	.41
WYOMING	8,682,764	991,652.92		991,652.92	.11
PUERTO RICO	27,846	14,564.88		14,564.88	.52
GRAND TOTAL:	187,627,636	212,241,139.70	716,015.01	212,957,154.71	1.13

9" 22

PILT PAYMENT 1985

PAGE 1

LOCAL UNIT OF GOVERNMENT	ENTITLEMENT ACRES	(1) TOTAL PAID THIS FY
ALABAMA	720,802	112,669
ALASKA	79,315,537	5,277,437
ARIZONA	27,768,534	8,475,471
ARKANSAS	3,310,807	1,094,916
CALIFORNIA	12,304,705	9,944,401
COLORADO	23,760,816	7,000,420
CONNECTICUT	9,301	19,871
DELAWARE	6,372	4,495
DIST OF COLUMBIA	6,943	6,010
FLORIDA	2,216,800	1,244,111
GEORGIA	1,264,639	713,228
HAWAII	12,641	8,413
IDAHO	32,430,832	7,320,888
ILLINOIS	431,000	274,979
INDIANA	300,897	143,510
IOWA	168,465	122,532
KANSAS	544,834	344,711
KENTUCKY	1,135,070	683,587
LOUISIANA	725,639	211,914
MAINE	86,099	50,959
MARYLAND	40,553	48,979
MASSACHUSETTS	37,673	76,511
MICHIGAN	2,028,299	1,277,219
MINNESOTA	2,925,012	889,120
MISSISSIPPI	1,520,289	393,536
MISSOURI	2,029,489	1,100,405
MONTANA	27,140,845	8,356,506
NEBRASKA	496,991	315,993
NEVADA	56,935,357	5,654,266
NEW HAMPSHIRE	728,525	313,380
NEW JERSEY	37,655	15,070
NEW MEXICO	22,399,325	10,332,972
NEW YORK	145,854	169,367
NORTH CAROLINA	1,670,558	1,225,948
NORTH DAKOTA	1,717,710	515,092
OHIO	291,830	277,176
OKLAHOMA	1,402,726	759,697
OREGON	28,641,110	2,617,177
PENNSYLVANIA	655,519	204,239
RHODE ISLAND	5	0
SOUTH CAROLINA	755,514	122,833
SOUTH DAKOTA	2,819,864	1,542,405
TENNESSEE	1,162,567	456,258
TEXAS	2,434,105	1,591,378
UTAH	32,747,836	8,651,830
VERMONT	290,838	216,090
VIRGINIA	2,258,044	1,136,126
WASHINGTON	11,316,661	1,838,476
WEST VIRGINIA	1,129,255	1,140,988
WISCONSIN	1,391,395	554,541
WYOMING	29,662,207	7,608,396
PUERTO RICO	29,738	9,183
VIRGIN ISLANDS	14,028	
GUAM	1,163	84,389
		1,267
TOTALS	453,387,303	
		102,781,455

FOREST SERVICE LAND AND RESOURCE MANAGEMENT PLANS

The Forest Service is in the process of developing land and resource management plans for forests within the National Forest System.

33. Question: What is the status of this planning process? How many final plans have been issued to date?

It is my understanding that all of the draft plans for the Southern Region received considerable criticism, particularly for the heavy reliance on clearcutting as a forest management tool. How will the final plans reflect the concern expressed about the draft plans?

Answer: The National Forest Management Act of 1976 (NFMA) directed the Forest Service to develop integrated land and resource management plans for each administrative unit (e.g., National Forest) of the National Forest System. The Forest Service is preparing 123 Forest plans for the 191-million acres of the National Forest System. Thirty plans have been issued in final and 74 have been issued or approved for publication in draft.

The Southern Region completed 17 draft Forest plans and Draft Environmental Impact Statements (DEIS) in 1984 and 1985. Nine of these draft plans and DEIS's have been finalized. There have been 24 appeals on 9 final plans, 7 of these appeals have been resolved.

The draft plans received differing degrees of public concern over clearcutting. Generally, the issue was most intense in the plans for National Forests located in Southern Appalachians.

As it became apparent that clearcutting was an issue on many Forests, the Regional Forester required that all Forests include more analysis of timber management systems in their final environmental impact statements. A number of Forests have included one or more alternatives with uneven-aged management (group selection).

As a result of these analyses, most Forests have changed or are recommending changes in the preferred alternative in response to public concerns by increasing the use of seed-tree and shelterwood harvest cutting methods. Also, some Forests are recommending the use of group selection harvest cutting method in their final plans.

The majority of final plans will also show a reduction in the amount of land designated as "suitable for timber production".

In summary, as a result of public comments, the final Forest plans will contain less use of clearcutting as a forest management tool than the draft plans.

STATE AND PRIVATE FORESTRY

The State and Private Forestry budget reflects a 57 percent reduction from the previous year. It appears that at some point this program will become ineffective in accomplishing its important goals of assisting the management and protection of non-Federal lands. I am particularly concerned about the drastic reduction in the fire protection program.

34. Question: Will all cost sharing funds for fire protection on non-Federal lands be eliminated?

What effect will this reduction in fire protection cost sharing have on adjacent federal lands?

Answer: All financial assistance for fire protection will be eliminated in FY 1987. Fire protection programs are intended to encourage States to improve the efficiency of wildland fire programs and to redeem their responsibility for basic State fire protection.

The President's FY 1987 budget eliminates that portion of the fire protection program that was financial assistance to States, leaving technical assistance, the Federal Excess Personal Property Program, and the Smokey Bear Program.

Federal land benefits derived from the fire protection programs are secondary to the primary intent of this program. Its intents are to improve a State's ability to meet its protection needs efficiently and to benefit from participating as a partner with other State and Federal agencies. Cooperation and mutual aid agreements are a major part of this effort. Regularly occurring direct benefits to Federal lands that are not mutual should be paid for by the benefiting land agencies.

○